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Notables of New Hampshire

COMPREHENSIVE ANNUAL FINANCIAL REPORT

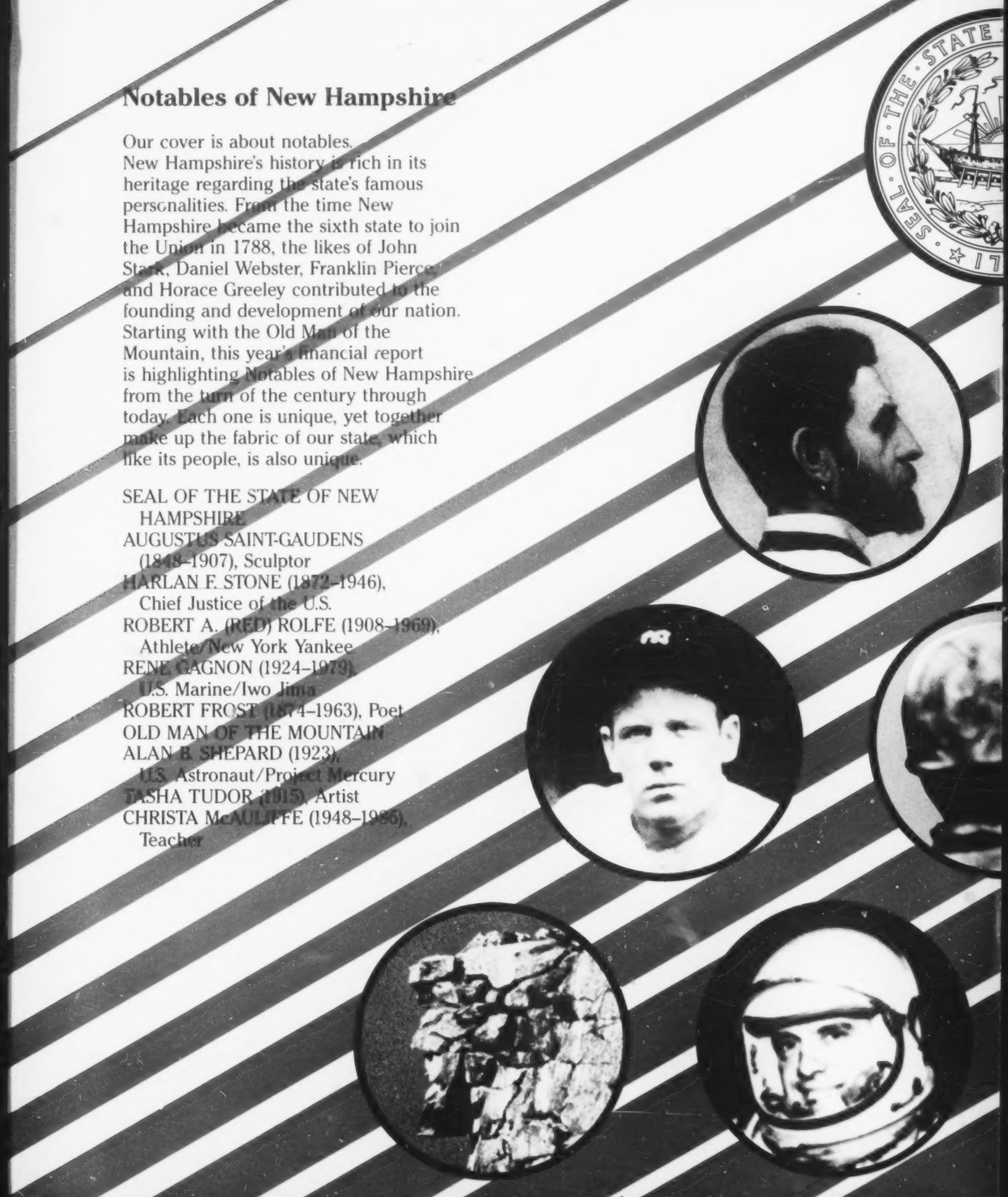
STATE OF NEW HAMPSHIRE

FOR THE YEAR ENDED JUNE 30, 1987

Notables of New Hampshire

Our cover is about notables. New Hampshire's history is rich in its heritage regarding the state's famous personalities. From the time New Hampshire became the sixth state to join the Union in 1788, the likes of John Stark, Daniel Webster, Franklin Pierce and Horace Greeley contributed to the founding and development of our nation. Starting with the Old Man of the Mountain, this year's financial report is highlighting Notables of New Hampshire from the turn of the century through today. Each one is unique, yet together make up the fabric of our state, which like its people, is also unique.

SEAL OF THE STATE OF NEW HAMPSHIRE
AUGUSTUS SAINT-GAUDENS (1848–1907), Sculptor
HARLAN F. STONE (1872–1946), Chief Justice of the U.S.
ROBERT A. (RED) ROLFE (1908–1969), Athlete/New York Yankee
RENE GAGNON (1924–1979), U.S. Marine/Iwo Jima
ROBERT FROST (1874–1963), Poet
OLD MAN OF THE MOUNTAIN
ALAN B. SHEPARD (1923), U.S. Astronaut/Project Mercury
TASHA TUDOR (1915), Artist
CHRISTA McAULIFFE (1948–1986), Teacher



State of New Hampshire

Comprehensive Annual Financial Report for the Year Ended June 30, 1987

Prepared by the Department of Administrative Services

Stephen M. Kennedy
Commissioner

The Commissioner
of Administrative Services
Stephen M. Kennedy

The Governor
John H. Sununu

New Hampshire continues to be
the best place
in the nation
to live, to work, to raise a family,
or to have a business.

STATE OF NEW HAMPSHIRE

OFFICE OF THE GOVERNOR

STATE HOUSE · CONCORD, NEW HAMPSHIRE 03301

JOHN H. SUNUNU
GOVERNOR

To:
The Honorable Members of the Legislature and
to the Citizens of the State of New Hampshire

I am pleased to accept this comprehensive annual financial report of the State of New Hampshire covering operations for the fiscal year ended June 30, 1987. It includes the State's independently audited General Purpose Financial Statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) and is presented to you and the financial community for your increased understanding.

New Hampshire evinces a vibrant economy in the growth mode. Our traditions encourage business, industry and individual performance with responsibility and profitability. They serve us well. Personal income increased by 6.6 percent, the second largest jump in the nation, and our State holds eighth place among the 50 in per capita income. Furthermore, New Hampshire is rated second nationally for starting and staying in business. Such measures must and will continue for they represent the best of what New Hampshire is all about.

With neither a sales nor an income tax and the lowest combined state and local tax per dollar of earned income in the nation, New Hampshire continues to maintain the lowest unemployment in the country (for two years), the highest S.A.T. scores nationally, the newest and most modern prison system, and a national 4th-place ranking for in-patient and out-patient care. In four years, New Hampshire has reduced its AFDC caseload by 46 percent, its food stamp rolls by 45 percent, and implemented its aggressive ten-year highway plan. New jobs (about 100 per thousand residents) net the Granite State a first place nationally in job creation. Our State has experienced the region's largest population growth (11.2 percent between 1980 and 1986) without losing the quality of services.

It is important that we recognize that the economic strength and fiscal vitality reflected in this report has been good for all our citizens. Our State economy is vibrant and most signs indicate that the strength is insulated from any national slowdown. New Hampshire is thriving today and, together with those issues that define quality of life, the future bodes well for this state and its people.

Sincerely,

John H. Sununu
Governor

STATE OF NEW HAMPSHIRE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1987
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INTRODUCTORY SECTION

STATE OF NEW HAMPSHIRE
SELECTED STATE OFFICIALS

EXECUTIVE

GOVERNOR
John H. Sununu

EXECUTIVE COUNCIL
Raymond S. Burton
Peter J. Spaulding
Earl A. Rinker III
Ruth L. Griffin
Bernard A. Streeter, Jr.

ATTORNEY GENERAL
Stephen E. Merrill

COMMISSIONER OF ADMINISTRATIVE SERVICES
Stephen M. Kennedy

JUDICIAL

CHIEF JUSTICE
SUPREME COURT OF NEW HAMPSHIRE
David A. Brock

LEGISLATIVE

PRESIDENT OF THE SENATE
William S. Bartlett, Jr.
(24 Senators)

SPEAKER OF THE HOUSE OF REPRESENTATIVES
W. Douglas Scamman, Jr.
(400 Representatives)

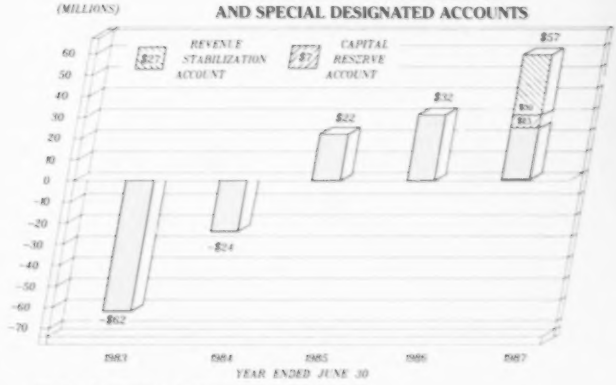
TREASURER
Georgie A. Thomas

SECRETARY OF STATE
William M. Gardner

FINANCIAL SUMMARY

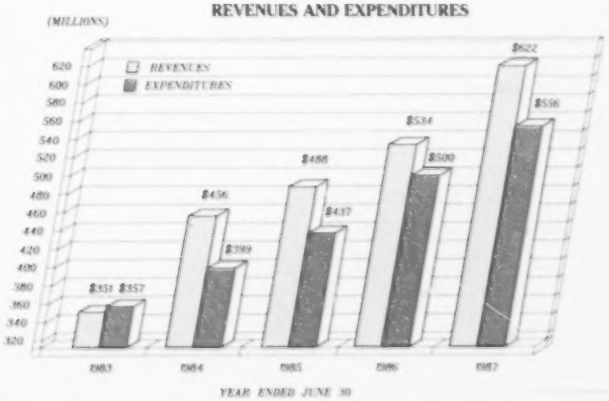
Genera! Fund Undesignated Fund Balance for fiscal 1987 is $23 million. This is net of $27 million set aside in the Revenue Stabilization Account and another $7 million in the Capital Bonding Account (designations of fund balance). These first-time designations were established in accordance with legislation signed by the Governor to provide an adequate base for contingencies. The revenue stabilization account is designed to capture any undesignated fund balance at the end of the current biennium and each subsequent year up to 5% of the General Fund Unrestricted Revenues. This fund can be tapped only when two conditions are met: 1) General Fund Unrestricted Revenues fall short of projections; and 2) the State is in a cumulative deficit position. The amount to be transferred is limited to the lesser of the revenue shortfall or the amount of the deficit.

STATE OF NEW HAMPSHIRE
GENERAL FUND
UNDESIGNATED FUND BALANCE
AND SPECIAL DESIGNATED ACCOUNTS



$27 MIL RESERVED IN REVENUE STABILIZATION ACCT.
$7 MIL RESERVED IN CAPITAL RESERVE ACCT.

STATE OF NEW HAMPSHIRE
GENERAL FUND
REVENUES AND EXPENDITURES



AUGUSTUS SAINT-GAUDENS

Augustus Saint-Gaudens is known as one of America's finest sculptors of public monuments and memorials, which adorn many of our cities and towns.

Saint-Gaudens redesigned the nation's coinage, creating the beautiful ten and twenty-dollar Liberty gold pieces.

The Saint-Gaudens National Historic Site is in Cornish, New Hampshire, which became his home and studio, and depicts scenes of the artist's life and accomplishments.

HARLAN F. STONE

Harlan F. Stone, chief justice of the United States (1941-1946), was appointed to the Supreme Court of the United States in 1925. His judicial philosophy lay in his conviction, "that in a democracy there must be a reasonable accommodation of law to changing economic and social needs; and that the courts should not interfere with legislative attempts to control the national economy or with acts of administrative agencies created to administer the controls, so long as they did not transgress the bounds of their statutory authority."

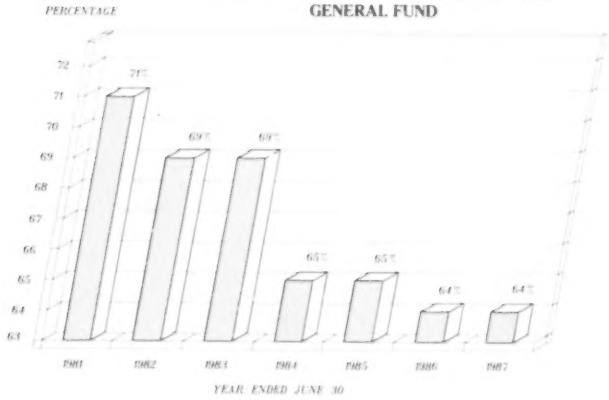
FINANCIAL SUMMARY (Continued):

The Revenue Stabilization Account is designed exclusively as a buffer against minor variations in revenue. Controls protect the fund from being used to escalate spending. The Capital Bonding Account is designed to reduce bonding requirements in the event revenue levels exceed those estimated by the legislature.

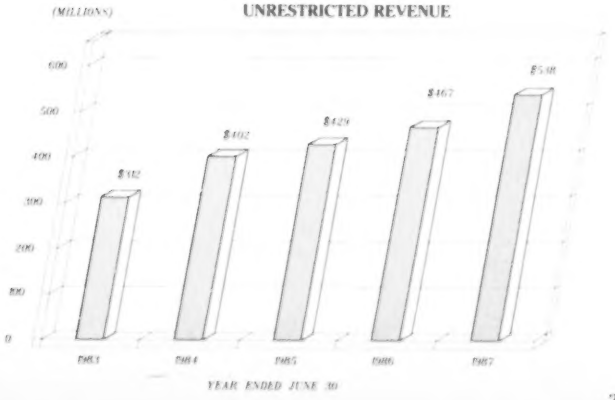
Total General Fund unrestricted revenue increased by 15% for fiscal 1987 versus fiscal year 1986, reflecting continued growth in nearly all categories of revenue. Notable increases are covered in the succeeding pages. Revenues are indicative of continued strength in nearly all revenue sources. The overall stability of unrestricted revenue continues to be reflected in the State's diversified revenue base. The top five unrestricted revenue sources: business profits tax, meals and room tax, liquor, real estate transfer tax, and insurance, continue to maintain a less dominant share of the overall unrestricted revenue. The accompanying graph will illustrate this point.

New Hampshire's diversified unrestricted revenue and steadier cash flow, along with revenues and capital reserves, have enhanced the financial stability of the State which will reduce the effect of any dislocation caused by adverse economic conditions.

STATE OF NEW HAMPSHIRE
PERCENTAGE OF TOTAL UNRESTRICTED REVENUE
REPRESENTED BY FIVE LARGEST SOURCES
GENERAL FUND



STATE OF NEW HAMPSHIRE
GENERAL FUND
UNRESTRICTED REVENUE



ROBERT A. (RED) ROLFE

Robert A. (Red) Rolfe, considered the New York Yankee's greatest third baseman that played during an era that produced six American League Pennants and five World Championships. He was selected to three American League All Star Teams in 1937, 1938, and 1939. Red Rolfe was born in Penacook, New Hampshire, and graduated from Dartmouth College. After an outstanding baseball and basketball career at Dartmouth, he joined the New York Yankees in 1931. While playing professional minor league baseball he was cited as the league's most valuable player in 1933. During his tenure with the New York Yankees, Red Rolfe was selected by Babe Ruth to the prestigious All American Baseball Team in 1937 and 1938. Upon his retirement from the Yankees in 1942, he joined the staff at Yale University and directed the baseball program there until 1947. Later he joined the Detroit Tigers Baseball organization and was selected manager of the year in 1950. He returned to Dartmouth as Director of Athletics until his retirement in 1967.

This New Hampshire Notable's pride and dedication to excellence has been an inspiration to all the citizens of the Granite State.

THE BUSINESS PROFITS TAX

The Business Profits Tax revenues registered a 36% increase over the previous year reflecting strong growth in business formations and operations within the State. One-time capital gains taken by taxpayers in response to federal tax law changes also accounted for some of the rise in revenues. The removal of these one-time gains, and a 3% rate reduction, from 8.25 to 8.0 percent, for fiscal 1988, are expected to lead to a slight decline in this revenue source for the coming fiscal year. As a result, the State's fiscal 1988 budget anticipates a 5% reduction in Business Profits Tax revenue.

STATE OF NEW HAMPSHIRE
UNRESTRICTED REVENUE
BUSINESS PROFITS TAX

RENE GAGNON

Rene Gagnon took part in what came to symbolize America's victory in the Pacific during World War II—raising the flag atop Iwo Jima. As a 19-year-old Marine, Gagnon helped four other Marines and a Navy Corpsman raise the flag on the island on February 23, 1945, after one of the bloodiest battles of the war. Rene Gagnon was proud to be a Marine. New Hampshire salutes Rene Gagnon and all those service men and women who helped preserve the freedoms we all enjoy.

ROBERT FROST

New Hampshire's greatest poet, Robert Frost, was born in California from an old New Hampshire family and came to New England at the age of nine. On a farm in Derry, New Hampshire, Robert Frost wrote poetry. He later went to London, England, where his first two books of poetry were published. Later he settled in Franconia, New Hampshire, where he wrote of New Hampshire and New England and created a unique image of the land and its people.

State of New Hampshire
Department of Administrative Services

STEPHEN M. KENNEDY
COMMISSIONER

STATE HOUSE ANNEX
CONCORD, NEW HAMPSHIRE 03301

TELEPHONE
603-271-3201

LETTER OF TRANSMITTAL

December 31, 1987

To: His Excellency The Governor
and The Honorable Council

In accordance with statutory requirements Chapter 21-I:81, I herewith submit the Fifty-Sixth Comprehensive Annual Financial Report, covering the fiscal year ended June 30, 1987. This report has been prepared by the State's Department of Administrative Services. Responsibility for both the accuracy of the data presented and completeness and fairness of the presentation, including all disclosures, rests with the State. The general purpose financial statements are based on generally accepted accounting principles considered by management to present fairly and consistently the State's financial position and results of operations.

Financial Highlights

New Hampshire continues to show positive growth in all sectors of the economy. This is reflected in the General Fund Undesignated Fund Balance of $23 million for fiscal 1987 after establishing a $27 million revenue stabilization account and $7 million capital bonding account.

The current capital spending plan includes such initiatives as construction of a new psychiatric hospital, additional prison facilities expansion, and a highway capital improvement program. These programs are designed to meet the State's social and financial commitments. With the inclusion of a Budget and Actual financial statement, and a new enterprise fund for the Turnpike System, the State has eliminated two exceptions cited in previous audits. Our plan is to eliminate the final exceptions (general fixed assets, and the federal portion of infrastructure in the Turnpike System), with the installation of a fixed assets module in our integrated financial system in November 1988.

In addition, special initiatives in education were funded for the gifted and talented, computers for curriculum, and for management programs within the teaching profession. Additionally, a New Hampshire land conservation investment program was established and funded for $20 million dollars. The intent of this and other programs is to preserve the natural beauty, the rural character, and the natural resources of the State of New Hampshire.

The Reporting Entity

The General Purpose Financial Statements provide an overview of the financial position of the State and operating results for the fiscal year. All activities and programs that are controlled by or dependent on the State's executive or legislative branches are included in the financial statements, except as disclosed in the General Comments section of the Notes to Financial Statements.

Accounting Policies and Budgetary Control

Information in this report includes financial transactions in the New Hampshire Integrated Financial System presented on the Generally Accepted Accounting Principles (GAAP) basis and comparisons made on an accounting basis prescribed by law or budgetary purposes.

The accounts of all governmental, expendable trust, and agency funds are maintained and reported on the modified accrual basis of accounting. Under the modified basis, revenues and assets are recognized when measureable and available to finance operations during the year; expenditures and liabilities are recognized when obligations are incurred as a result of receipt of goods or services. The State's enterprise and non-expendable trust funds are maintained and reported on the accrual basis.

Budget controls are maintained at the agency and Division of Accounting Services level by the use of encumbrances for purchase orders and contracts with vendors. Open encumbrances are reported as a reserve of fund balance at June 30, 1987. The designated fund balance of appropriations are used as a control mechanism to monitor unencumbered amounts.

Significant Aspects of Financial Operations

The fiscal year 1987 General Fund Undesignated Fund Balance was $57 million before the first time designation of $27 million revenue stabilization account and $7 million capital bonding account. The Revenue Stabilization account has a balance which is limited to 5% of actual General Fund unrestricted revenues for the fiscal year. The account will be used to reduce or eliminate any future General Fund operating deficits resulting from revenue shortfalls. The Capital Bonding account is to be used to pay for Capital Projects Fund expenditures in lieu of issuing general obligations bonds. Though our financial outlook is optimistic, comfort of a revenue reserve account, capital bonding account, and expenditure cut-back triggers, ensure stability and control of our revenue base.

Governmental, Fiduciary and Enterprise Funds-Results of Operations

Revenues for Governmental, Fiduciary and Enterprise Funds totaled $1,223 million in Fiscal 1987, an increase of $117 million as compared with Fiscal 1986. Increases in revenues over Fiscal 1986 continue to reflect favorable conditions of the New Hampshire economy. General Fund unrestricted revenues totaled $538 million, an increase of $71 million over Fiscal 1986. Major increases were in business profits taxes, insurance, meals and rooms tax receipts and real estate transfer taxes.

Expenditures for Governmental, Fiduciary and Enterprise Funds totaled $1,159 million in 1987, an increase of $88 million over 1986. Increases in levels of expenditures for major functions from the previous year reflect areas of expanded State services.

Cash Management

The State's Cash and Temporary Investments were $356,308,121 at June 30, 1987, including $187,734,433 in the Trust and Agency Fund. The State Treasurer continually monitors cash flow in order to improve the utilization of cash resources. During the year, temporary surpluses are invested in various U.S. Treasury obligations, repurchase agreements, and time deposits with various ranges of maturities. Investment income and yield rate were $5,290,000 and seven to nine percent, respectively.

Debt Administration

There were no Temporary Loans outstanding at June 30, 1987. The State has a debt management program, the purpose of which is to eliminate the State's need for short-term debt for operating purposes. Another purpose of the debt management program is to hold long-term tax-supported debt to relatively low levels in the future. A third purpose is to coordinate the issuance of tax-exempt securities by the State.

Partly as a result of this program, the State retired all of its short-term debt for operating purposes, which had reached a maximum of $70 million early in fiscal year 1984. The State did not issue short-term debt for operating purposes during fiscal years 1985 through 1987. The State has been able to eliminate its need for short-term debt for operating purposes through the improved financial controls and increased revenues.

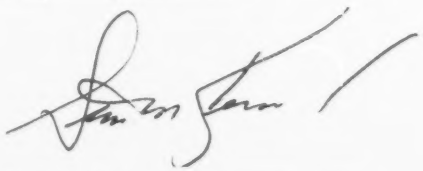
Independent Audit

Ernst & Whinney has performed an independent audit of the State's financial statements in accordance with Generally Accepted Auditing Standards (GAAS) for the fiscal year ended June 30, 1987. Their report is contained in the audited General Purpose Financial Statements section of this report.

Financial Outlook

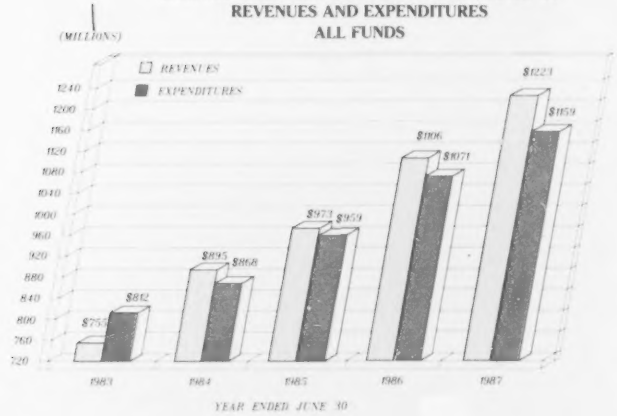
The economy of New Hampshire is expected to expand through fiscal 1988. Recording the lowest unemployment rate in the nation of 2.5% for fiscal 1987, and the State's per capita income ranking improved from 25th to 8th are continuous signs of a prosperous economy. Institutionalization of the New Hampshire Integrated Financial System's inherent capabilities include timely review of spending, revenue comparisons and performance; the State will be in a position to minimize any adverse conditions. Couple this with the establishment of the revenue stabilization account and capital bonding account, assures the State of a positive position and insulated somewhat from the national economy.

Respectfully submitted,



Stephen M. Kennedy, Commissioner
Department of Administrative Services

GRAPHIC FIVE-YEAR COMPARATIVE SUMMARY OF
REVENUES AND EXPENDITURES
ALL FUNDS



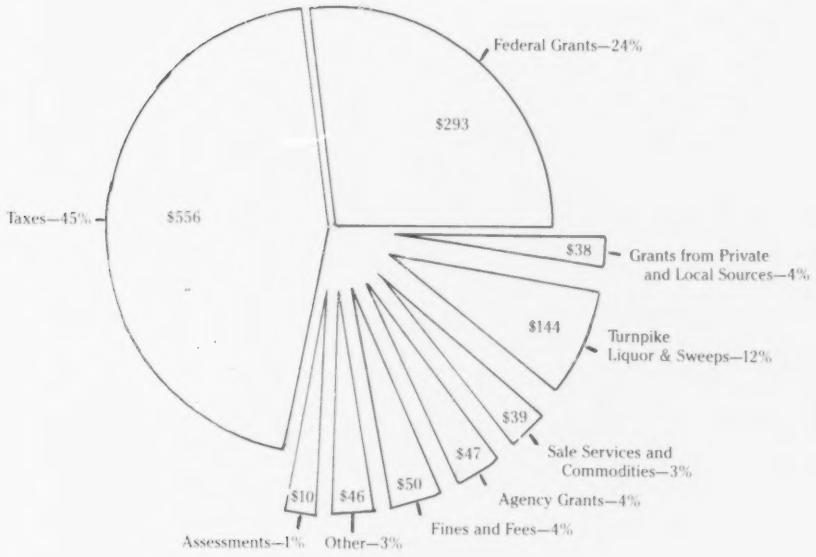
Revenue Source	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987
Governmental and Expendable Trusts:					
Taxes	$ 303	$ 403	$ 429	$ 494	$ 556
Fees and Fines	26	28	37	45	50
Federal Grants	242	257	295	299	293
Grants from Private and Local Sources	28	29	26	28	38
Sale of Services and Commodities	31	31	34	38	39
Assessments	21	23	26	30	10
Agency Grants	17	23	27	42	47
Miscellaneous	24	29	28	37	45
Total	692	823	902	1,013	1,078
Public Services Enterprises and Non-Expendable Trusts:					
*Turnpike System	—	—	—	—	25
Liquor Commission (Net of Cost of Goods Sold)	49	54	55	58	61
Sweepstakes Commission	14	17	15	34	58
Non-Expendable Trusts		1	1	1	1
Total	63	72	71	93	145
Total Revenues	$ 755	$ 895	$ 973	$ 1,106	$ 1,223

*Part of Governmental (Assessments) 1983–1986

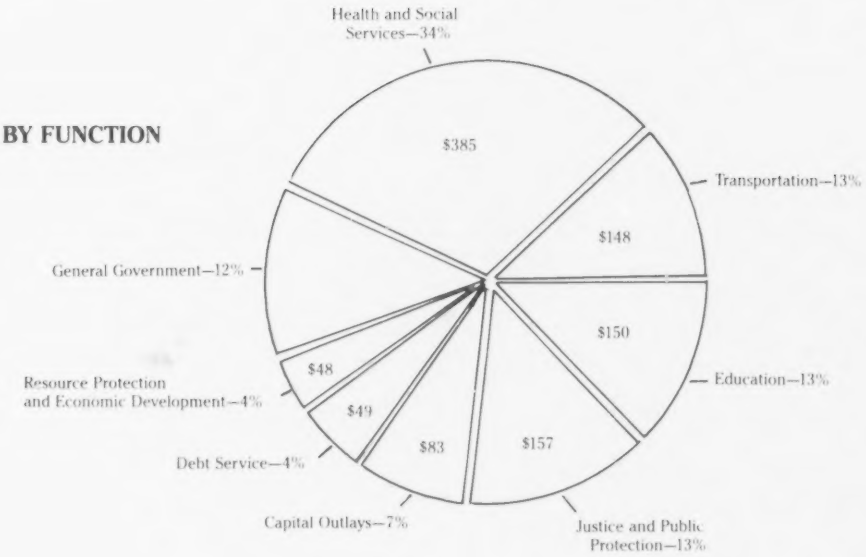
Expenditures by Function	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987
Governmental and Expendable Trusts:					
General Government	$ 114	$ 118	$ 130	$ 133	$ 139
Administration of Justice and Public Protection	62	70	98	115	103
Resources Protection and Development	45	41	42	44	48
Transportation	92	109	120	125	129
Health and Social Services	250	272	288	332	385
Education	109	119	119	138	150
Debt Service	48	51	52	57	49
Capital Outlays	70	63	86	88	83
Total	790	843	935	1,032	1,086
Public Service Enterprises and Non-Expendable Trusts:					
Transportation	—	—	—	—	19
Administration of Justice and Public Protection	22	25	24	39	54
Total Expenditures	$ 812	$ 868	$ 959	$ 1,071	$ 1,159

STATE OF NEW HAMPSHIRE
GRAPHIC SUMMARY OF REVENUE SOURCES AND EXPENDITURES
FOR THE PERIOD ENDED JUNE 30, 1987
(MILLIONS)

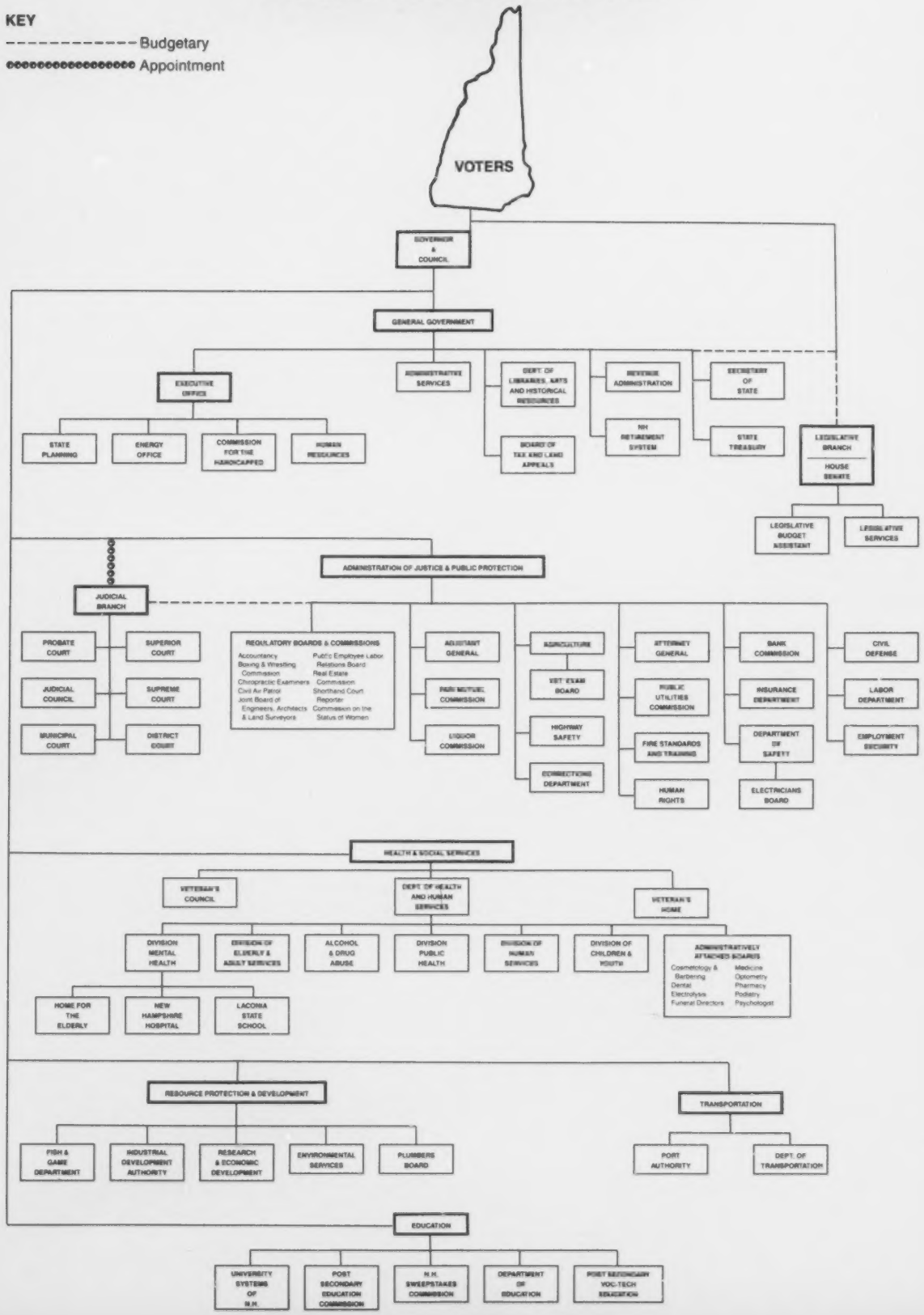
REVENUE SOURCES BY REVENUE GROUP



EXPENDITURES BY FUNCTION



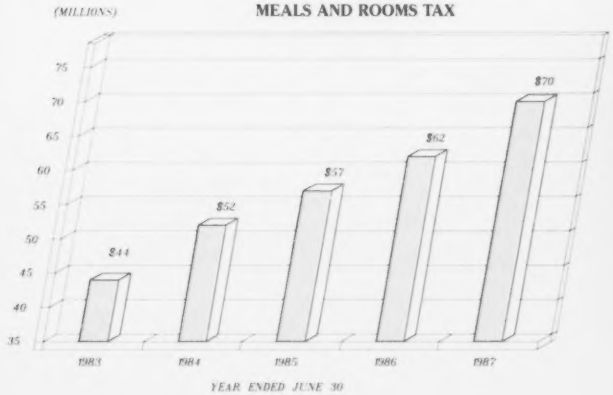
STATE OF NEW HAMPSHIRE
ORGANIZATION CHART 1987



MEALS AND ROOMS

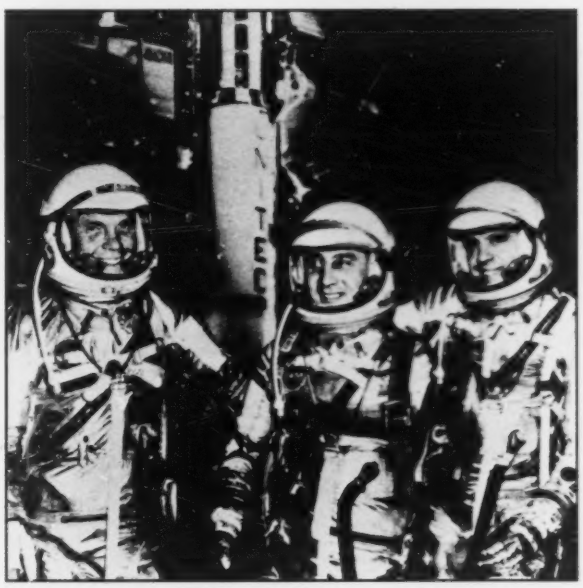
The Meals and Rooms Tax continued to grow at a strong pace for Fiscal Year 1987, rising 12% over the Fiscal 1986 level. Since Fiscal Year 1983, Meals and Rooms revenue has grown by 58%, and remains one of the State's largest and most stable revenue sources. The strong growth reflects significant growth in population and personal income over the same five year period, and is expected to continue into Fiscal 1988. Meals and Rooms remains the State's second largest source of unrestricted revenue, and is expected to maintain that ranking in Fiscal 1988.

STATE OF NEW HAMPSHIRE
UNRESTRICTED REVENUE
MEALS AND ROOMS TAX



ALAN B. SHEPARD

Born in Derry, New Hampshire, Alan B. Shepard was one of the seven original astronauts of the first American astronaut team, Project Mercury. He was the first astronaut to make a manned orbital flight in space on May 5, 1961, and was awarded the NASA Distinguished Service Medal in 1961. Also, Shepard was Commander of the Apollo 14 lunar landing mission in 1971.



TASHA TUDOR

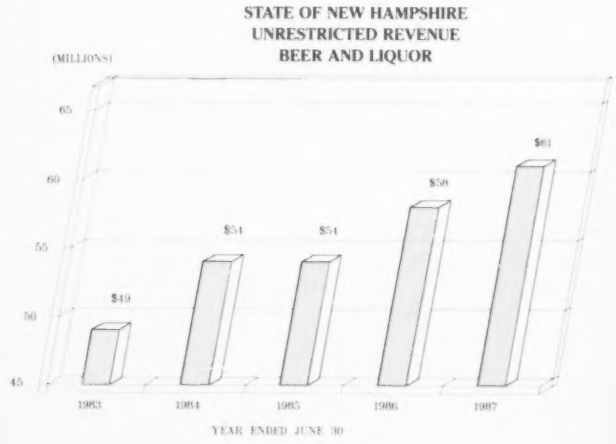
Artist and illustrator of 64 books, Tasha Tudor is noted for:

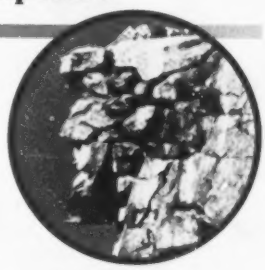
"Wind in The Willows"
"A Child's Garden of Verses"
"The Night Before Christmas"
"Little Women"
"Fairy Tales From Hans Christian Andersen"

She is also known for her unique craft skills in such areas as Shaker basket weaving and Marionettes. Tasha Tudor's many books have won her numerous awards and honors.

BEER AND LIQUOR

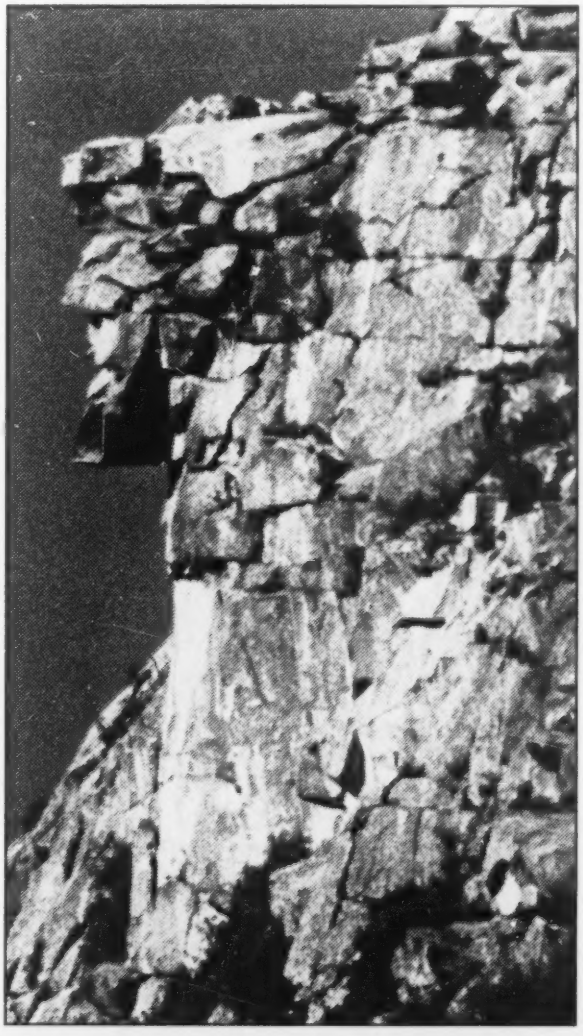
Fiscal 1987 revenues increased by 4% over Fiscal 1986, despite the national trend toward decreased consumption of alcoholic beverages. Over the Fiscal 1983 to Fiscal 1987 period, revenues increased by 23%. After adjusting for a 67% increase in the beer tax in 1983, however, revenues increased by 13%. Although this growth rate falls short of the growth experienced in other revenue sources, beer and liquor revenues have proven to be the most stable unrestricted revenue source over the Fiscal 1983 to 1987 period, and are expected to maintain a high degree of stability.





OLD MAN OF THE MOUNTAIN

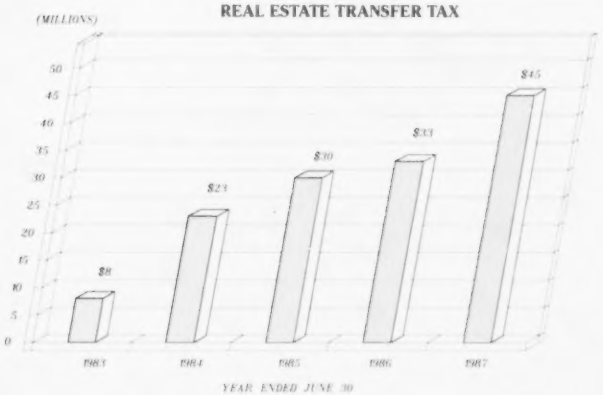
The Old Man of the Mountain is a rock profile which juts out abruptly against the sky with unique grandeur 1200 feet above Profile Lake at Franconia Notch in Franconia, New Hampshire. Since it was discovered in 1805, the "Old Man" has become a mecca for travelers from near and far, who come to enjoy the remarkable granite profile and the Notch's spectacular scenery. The "Old Man" has been established as the symbol of New Hampshire, the Granite State.



REAL ESTATE TRANSFER TAX

Once again the Real Estate Transfer tax was the State's fourth largest source of unrestricted revenue. The 36% growth rate over fiscal 1986 reflects the continued strength of the State's real estate market, as well as an increased volume of real estate transactions resulting from recent federal tax law changes. The 118% increase in revenue for December 1986 versus December 1985 underscores the impact of the elimination of preferential treatment of capital gains taxes at the federal level. This one-time surge in revenues will not be present in fiscal 1988, as a result fiscal 1988 revenues are not expected to experience the same degree of growth.

STATE OF NEW HAMPSHIRE
UNRESTRICTED REVENUE
REAL ESTATE TRANSFER TAX



CHRISTA McAULIFFE

Christa McAuliffe and her fellow astronauts reached for the stars. She was a teacher, mother, and "star voyager, who answered the call beyond duty, who gave more than was expected or required and who gave it with little thought of earthly reward." Those sentiments were expressed by President Ronald Reagan, in his eulogy for the Challenger astronauts and are a fitting remembrance for one of our most beloved citizens. Her courage and commitment to purposeful goals are an inspiration to those who seek to excel in their endeavors.

FINANCIAL SECTION

Ernst & Whinney

Two Wall Street
Manchester, New Hampshire 03101
(603) 625-9601

To the Fiscal Committee of the General Court
State of New Hampshire
Concord, New Hampshire

We have examined the general purpose financial statements of the State of New Hampshire as of June 30, 1987 and for the year then ended, as listed in the table of contents. Except as explained in the following paragraph, our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As more fully described in Note 2, the State does not have complete financial records to support the amounts included in its General Fixed Assets Account Group. Accordingly, we were unable to examine sufficient evidential matter to support such amounts.

As more fully described in Note 2, the State has excluded from Infrastructure in the Turnpike System-enterprise fund, the costs associated with projects where the Federal government has provided funding. Generally accepted accounting principles require that such costs be recorded in the enterprise fund.

In our opinion, except for the effects on the financial statements of the omission described in the third paragraph and of such adjustments, if any, as might have been determined to be necessary had our examination not been limited in scope as described in the second paragraph, the general purpose financial statements referred to in the first paragraph present fairly the financial position of the State of New Hampshire as of June 30, 1987, and the results of its operations and the changes in financial position of its enterprise and nonexpendable trust funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying combining financial statements and schedule as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. This information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, except for the effects on the financial statements of the enterprise fund of the departure from generally accepted accounting principles described in the third paragraph, this information is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

We did not examine the data included in the statistical section of the report, and therefore, express no opinion thereon.

Ernst & Whinney

Manchester, New Hampshire
December 15, 1987

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GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF NEW HAMPSHIRE
COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1987

	GOVERNMENTAL FUND TYPES		
ASSETS	General	Special Revenue	Capital Projects
Cash and Temporary Investments (Note 4)	$ 109,362,194	$ 11,111,163	$ 7,264,611
Accounts Receivable (Net of Allowance for Uncollectibles) (Note 5)	39,128,559	70,329,187	337,460
Due from Other Funds (Note 2)	30,495,864	20,757,222	2,625,000
Inventories	2,499,963	1,438,786	
Prepaid Expenses	152,256		
Land			
Land Improvements			
Buildings			
Building Improvements			
Equipment			
Construction in Progress			
Infrastructure (Note 2)			
Less: Allowance for Depreciation & Amortization			
Amount to be Provided for Payment of Water Pollution Contracts			
Amount to be Provided for Payment of Bonds			
Amount to be Provided by University System for Payment of Bonds			
Amount to be Provided for Compensated Absences			
Total Assets	$ 181,638,836	$ 103,636,358	$ 10,227,071
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts Payable	$ 19,458,108	$ 34,447,992	$ 1,651,544
Accrued Payroll	11,488,297	4,922,232	
Due to Other Funds (Note 2)	4,517,534	3,625,000	
Deferred Revenue	16,057,783	9,479,263	
Other Liabilities	2,512,274		
Custodial Funds Payable			
Member/Employee Contributions			
Bonds Payable (Notes 6 and 7)			
Water Pollution Contracts Payable (Note 7)			
Compensated Absences Payable (Notes 2 and 7)			
Total Liabilities	54,033,996	52,474,487	1,651,544
FUND EQUITY:			
Investment in Fixed Assets			
Contributions from Other Funds			
Retained Earnings			
Fund Balance:			
Reserve for Unemployment Compensation Benefits			
Reserve for Various Trust Funds			
Reserve for Encumbrances	11,989,632	77,976,603	36,818,265
Reserve for Inventories	2,499,963	1,438,786	
Unreserved:			
Designated for Revenue Stabilization (Note 2)	26,914,000		
Designated for Capital Bonding (Note 2)	6,982,000		
Designated—Other	56,018,911	1,346,842	
Undesignated/Surplus (Deficit)	23,200,334	(29,600,360)	(28,242,738)
Total Fund Equity	127,604,840	51,161,871	8,575,527
Total Liabilities and Fund Equity	$ 181,638,836	$ 103,636,358	$ 10,227,071

SEE NOTES TO FINANCIAL STATEMENTS

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		
Enterprise	Trust and Agency	(Unaudited) General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
$ 40,835,720	$ 187,734,433			$ 356,308,121
2,906,399	6,488,944			119,190,549
	260,308			54,138,394
19,246,605				23,185,354
45,558				197,814
6,788,676		$ 124,786,637		131,575,313
528,766		1,274,965		1,803,731
3,709,586		208,377,290		217,086,876
758,949		10,466,722		11,225,671
8,004,519		87,081,506		95,086,025
17,929,440				17,929,440
133,794,568				133,794,568
(46,284,873)				(46,284,873)
			$ 1,728,854	1,728,854
			280,401,375	280,401,375
			19,473,675	19,473,675
			25,361,174	25,361,174
$ 193,263,913	$ 194,483,685	$ 431,987,120	$ 326,965,078	$ 1,442,202,061
$ 11,294,959				$ 66,852,603
1,037,095				17,447,624
45,995,860				54,138,394
2,750,797				28,287,843
872,741	$ 1,762,470			5,147,485
	31,958,310			31,958,310
	738,778			738,778
79,279,950			$ 299,875,050	379,155,000
			1,728,854	1,728,854
1,769,491			25,361,174	27,130,665
143,000,893	34,459,558		326,965,078	612,585,556
		$ 431,987,120		431,987,120
8,757,089				8,757,089
41,505,931				41,505,931
	157,511,760			157,511,760
	2,512,367			2,512,367
				126,784,500
				3,938,749
				26,914,000
				6,982,000
				57,365,753
				(34,642,764)
50,263,020	160,024,127	431,987,120		829,616,505
$ 193,263,913	$ 194,483,685	$ 431,987,120	$ 326,965,078	$ 1,442,202,061

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STATE OF NEW HAMPSHIRE

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	
	General	Special Revenue	Capital Projects	Expendable Trust	Total (Memorandum Only)
REVENUES:					
General Property Taxes	$ 8,519,212				$ 8,519,212
Special Taxes	323,380,056	$ 84,660			323,464,716
Personal Taxes	31,674,458				31,674,458
Business License Taxes	43,832,792	79,461,022			123,293,814
Non-Business License Taxes	3,456,625	41,804,793		$ 24,235,506	69,496,924
Fees	21,953,022	7,153,319	$ 36,525		29,142,866
Fines, Penalties and Interest	19,748,951	837,110			20,586,061
Grants from Federal Government	55,724,557	235,080,442	839,989		292,644,988
Grants from Private & Local Sources	10,288,800	27,372,132	543,131		38,204,063
Rents and Leases	3,135,527	2,709			3,138,236
Interest, Premiums and Discounts	4,338,536	1,694,545	14,350	13,302,526	19,349,957
Sale of Commodities	7,252,098	136,131	18,000		7,406,229
Sale of Services	29,110,677	2,639,227			31,749,904
Assessments (Note 1)	8,793,187	1,228,419			10,021,606
Grants from Other Agencies	33,335,936	13,256,499			46,592,435
Miscellaneous	17,100,113	5,587,991			22,688,104
Total Revenues	621,644,547	417,338,999	1,451,995	37,538,032	1,077,973,573
EXPENDITURES:					
General Government	120,915,379	18,104,572	265,698		139,285,649
Administration of Justice and Public Protection	87,531,389	12,941,320	2,072,747		102,545,456
Resource Protection and Development	33,959,244	11,316,919	2,371,688		47,647,851
Transportation	5,837,574	119,785,764	3,376,799		129,000,137
Health and Social Services	156,080,303	205,594,367	5,163,204	18,374,786	385,212,660
Education	103,854,875	42,403,473	3,929,298		150,187,646
Debt Service	38,314,850	10,466,353	260,625		49,041,828
Capital Outlays	9,047,036	71,314,762	2,537,635		82,899,433
Total Expenditures	555,540,650	491,927,530	19,977,694	18,374,786	1,085,820,660
Excess of Revenues Over (Under) Expenditures	66,103,897	(74,588,531)	(18,525,699)	19,163,246	(7,847,087)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	6,998,263	74,424,025	2,725,851		84,148,139
Enterprise Transfers In	66,792,046	4,211			66,796,257
Operating Transfers Out	(74,180,095)	(8,718,059)	(1,249,985)		(84,148,139)
Miscellaneous	(4,338,006)	43,171			(4,294,835)
Contributions to Turnpike Fund		(3,548,597)			(3,548,597)
Construction in Progress Transferred to Turnpike Fund		3,641,567			3,641,567
Total Other Financing Sources (Uses)	(4,727,792)	65,846,318	1,475,866		62,594,392
Excess of Revenues and Other Sources Over Expenditures and Other Uses	61,376,105	(8,742,213)	(17,049,833)	19,163,246	54,747,305
Fund Balances—July 1 (Note 2)	66,228,735	59,904,084	25,625,360	138,348,514	290,106,693
Fund Balances—June 30	$ 127,604,840	$ 51,161,871	$ 8,575,527	$ 157,511,760	$ 344,853,998

SEE NOTES TO FINANCIAL STATEMENTS

STATE OF NEW HAMPSHIRE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	GOVERNMENTAL FUND TYPES					
	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
General Property Taxes	$ 11,163,456	$ 8,519,212	$(2,644,244)			
Special Taxes	251,135,746	322,888,063	71,752,317		$ 84,660	$ 84,660
Personal Taxes	31,700,000	31,674,458	(25,542)			
Business License Taxes	31,823,585	43,326,934	11,503,349	$ 70,912,516	79,461,022	8,548,506
Non-Business License Taxes	3,561,877	3,456,625	(105,252)	35,191,995	41,804,793	6,612,798
Fees	21,669,088	21,953,022	283,934	5,232,727	7,153,319	1,920,592
Fines, Penalties and Interest	15,117,126	20,030,739	4,913,613	539,139	837,110	297,971
Grants from Federal Government	75,252,893	59,841,961	(15,410,932)	280,781,837	241,894,722	(38,887,115)
Grants from Private and Local Sources	12,056,084	9,578,100	(2,477,984)	25,614,829	24,915,671	(699,158)
Rents and Leases	3,536,563	3,135,527	(401,036)	3,700	2,709	(991)
Interest, Premiums and Discounts	2,838,471	4,338,536	1,500,065	1,203,730	1,562,097	358,367
Sale of Commodities	4,809,919	7,252,091	2,442,172	52,320	136,131	83,811
Sale of Services	31,038,078	29,396,078	(1,642,000)	5,950,700	2,639,227	(3,311,473)
Assessments	8,367,757	8,193,273	(174,484)	1,148,818	1,228,419	79,601
Grants from Other Agencies	34,854,968	33,335,936	(1,519,032)	13,653,237	13,256,499	(396,738)
Miscellaneous	4,842,214	18,671,893	13,829,679	1,596,233	5,587,991	3,991,758
Total Revenues (Notes 2 and 14)	543,767,825	625,592,448	81,824,623	441,881,781	420,564,370	(21,317,411)
EXPENDITURES:						
General Government	142,344,680	121,446,604	20,898,076	19,400,559	17,926,090	1,474,469
Administration of Justice and Public Protection	95,640,362	86,444,521	9,195,841	20,534,918	13,096,494	7,438,424
Resources Protection and Development	32,658,062	32,080,940	577,122	13,007,811	11,430,301	1,577,510
Transportation	9,396,628	5,892,260	3,504,368	147,630,855	116,370,293	31,260,562
Health and Social Services	158,767,048	155,756,544	3,010,504	220,930,023	206,838,877	14,091,146
Education	110,232,031	102,533,852	7,698,179	55,226,382	41,239,628	13,986,754
Debt Service	38,314,850	38,314,850		7,321,603	7,321,603	
Capital Outlays	9,047,036	9,047,036		71,314,761	71,314,761	
Total Expenditures (Notes 2 and 14)	596,400,697	551,516,607	44,884,090	555,366,912	485,538,047	69,828,865
Excess Revenues Over (Under) Expenditures	(52,632,872)	74,075,841	126,708,713	(113,485,131)	(64,973,677)	48,511,454
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	56,512,463	73,385,914	16,873,451	74,307,850	74,307,850	
Operating Transfers Out	(74,059,709)	(74,059,709)		(6,093,059)	(6,093,059)	
Miscellaneous	(3,691,634)	(3,691,634)		(3,101,286)	(3,101,286)	
Bonds Authorized				(39,385,000)	(39,385,000)	
Total Other Financing Sources (Uses)	(21,238,880)	(4,365,429)	16,873,451	25,728,505	25,728,505	
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(73,871,752)	69,710,412	143,582,164	(87,756,626)	(39,245,172)	48,511,454
Fund Balances—July 1	108,923,779	108,923,779		155,322,584	155,322,584	
Fund Balances—June 30	$ 35,052,027	$ 178,634,191	$ 143,582,164	$ 67,565,958	$ 116,077,412	$ 48,511,454

SEE NOTES TO FINANCIAL STATEMENTS

TOTAL (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)
$ 11,163,456	$ 8,519,212	$(2,644,244)
251,135,746	322,972,723	71,836,977
31,700,000	31,674,458	(25,542)
102,736,101	122,787,956	20,051,855
38,753,872	45,261,418	6,507,546
26,901,815	29,106,341	2,204,526
15,656,265	20,867,849	5,211,584
356,034,730	301,736,683	(54,298,047)
37,670,913	34,493,771	(3,177,142)
3,540,263	3,138,236	(402,027)
4,042,201	5,900,633	1,858,432
4,862,239	7,388,222	2,525,983
36,988,778	32,035,305	(4,953,473)
9,516,575	9,421,692	(94,883)
48,508,205	46,592,435	(1,915,770)
6,438,447	24,259,884	17,821,437
985,649,606	1,046,156,818	60,507,212
161,745,239	139,372,694	22,372,545
116,175,280	99,541,015	16,634,265
45,665,873	43,511,241	2,154,632
157,027,483	122,262,553	34,764,930
379,697,071	362,595,421	17,101,650
165,458,413	143,773,480	21,684,933
45,636,453	45,636,453	
80,361,797	80,361,797	
1,151,767,609	1,037,054,654	114,712,955
(166,118,003)	9,102,164	175,220,167
130,820,313	147,693,764	16,873,451
(80,152,768)	(80,152,768)	
(6,792,920)	(6,792,920)	
(39,385,000)	(39,385,000)	
(4,489,625)	21,363,076	16,873,451
(161,628,378)	30,465,240	192,093,618
264,246,363	264,246,363	
$ 102,617,985	$ 294,711,603	$ 192,093,618

STATE OF NEW HAMPSHIRE
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	
	Enterprise	Non Expendable Trust	Total (Memorandum Only)
Sales/Tolls	$ 248,863,938		$ 248,863,938
Cost of Goods Sold/Prizes	152,060,509		152,060,509
Gross Profit	96,803,429		96,803,429
Other Operating Revenues:			
Investment Income		$ 144,227	144,227
Contributions		109,878	109,878
Other		636,287	636,287
Total Operating Revenues	96,803,429	890,392	97,693,821
Operating Expenses:			
Personnel Services	15,714,886		15,714,886
Supplies and Materials	1,095,889		1,095,889
Communications	433,367		433,367
Travel	141,046		141,046
Printing and Binding	1,094,450		1,094,450
Advertising	773,619		773,619
Commissions	3,008,724		3,008,724
Heat, Light and Power	964,474		964,474
Rent	1,979,251		1,979,251
Repairs and Alterations	2,451,770		2,451,770
Grants and Subsidies	1,949,814		1,949,814
Interest and Cost of Bonds	5,118,486		5,118,486
Indirect Costs	396,856		396,856
Capital Outlays	18,396		18,396
Depreciation	3,811,171		3,811,171
Enforcement	103,062		103,062
Benefits and Refunds		301,154	301,154
Miscellaneous	2,025,228	427,446	2,452,674
Total Operating Expenses	41,080,489	728,600	41,809,089
Operating Income	55,722,940	161,792	55,884,732
Other Income:			
Licenses	2,121,489		2,121,489
Beer Taxes	11,276,369		11,276,369
Miscellaneous	2,825,237		2,825,237
Total Other Income	16,223,095		16,223,095
Income Before Operating Transfers	71,946,035	161,792	72,107,827
Operating Transfers:			
To Highway Fund/General Fund	66,796,257		66,796,257
Operating Transfers from Other Funds	(831,840)		(831,840)
Net Operating Transfers	65,964,417		65,964,417
Net Income [Increase (Decrease) in Retained Earnings]	5,981,618	161,792	6,143,410
Retained Earnings/Fund Balance—July 1 (Note 2)	35,524,313	2,350,575	37,874,888
Retained Earnings/Fund Balance—June 30	$ 41,505,931	$ 2,512,367	$ 44,018,298

SEE NOTES TO FINANCIAL STATEMENTS

STATE OF NEW HAMPSHIRE
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	
	Enterprise	Non Expendable Trust	Total (Memorandum Only)
SOURCE OF FUNDS			
OPERATIONS			
Income Before Operating Transfers	$ 71,946,035	$ 161,792	$ 72,107,827
Items Not Requiring the Use of Working Capital:			
Depreciation	3,811,171		3,811,171
Total Financial Resources from Operations	75,757,206	161,792	75,918,998
Net (Increase) Decrease in Working Capital	8,134,214	(161,792)	7,972,422
Operating Transfers from Other Funds	406,218		406,218
Total Source of Funds	$ 84,297,638	$	$ 84,297,638
USE OF FUNDS			
Additions to Fixed Assets	$ 14,801,381	$	$ 14,801,381
Decrease in Bonds Payable	2,700,000		2,700,000
Operating Transfers to General Fund	46,122,655		46,122,655
Operating Transfer to Education	20,669,391		20,669,391
Operating Transfer to Highway Fund	4,211		4,211
Total Use of Funds	$ 84,297,638	$	$ 84,297,638
CHANGES IN COMPONENTS OF WORKING CAPITAL			
Current Assets			
Cash and Temporary Investments	$ 14,914,037	$ 221,795	$ 15,135,832
Accounts Receivable	(416,853)		(416,853)
Due from Other Funds		(60,003)	(60,003)
Inventories	(790,719)		(790,719)
Prepaid Expenses	(80,918)		(80,918)
Total Current Assets	13,625,547	161,792	13,787,339
Current Liabilities			
Accounts Payable and Accruals	(3,052,080)		(3,052,080)
Due to Other Funds	(18,707,681)		(18,707,681)
Total Current Liabilities	(21,759,761)		(21,759,761)
Net Increase (Decrease) in Working Capital	$(8,134,214)	$ 161,792	$(7,972,422)

SEE NOTES TO FINANCIAL STATEMENTS

GENERAL COMMENTS

The General Purpose Financial Statements include all significant activities and programs that are controlled by or dependent on the State's executive or legislative branches. Control by or dependence on the State was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenue or general obligations of the State, and the State's obligation to fund any deficits that may occur.

Based on the foregoing criteria, the following activities and programs are excluded from the State's financial statements:

New Hampshire Industrial Development Authority
New Hampshire Higher Education and Health Facilities Authority
New Hampshire Housing Finance Authority
University System of New Hampshire (Other than net appropriation)
Maine—New Hampshire Bridge Authority
New Hampshire Water Resources Board (Partial)
New Hampshire Retirement System (Partial)
New Hampshire Municipal Bond Bank
New Hampshire School Building Authority

In accordance with Governmental Accounting Standards Board Statement No. 2, "Financial Reporting of Deferred Compensation Plans Adopted under the Provisions of Internal Revenue Code Section 457" the State has included the New Hampshire Deferred Compensation Plan as an agency fund for the first time at June 30, 1987.

As required by generally accepted accounting principles, the New Hampshire Turnpike System is presented as an enterprise fund for the first time, for the year ended June 30, 1987. Prior to 1987, the operations of the Turnpike System were presented in the Special Revenue Fund and the Debt Service Fund.

NOTE 1—FINANCIAL STATEMENTS AND DESCRIPTIONS OF FUNDS AND ACCOUNT GROUPS:

A. Financial Statements:

The accompanying financial statements of the State of New Hampshire present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the changes in financial position of the enterprise fund and non-expendable trust funds.

B. Fund Accounting:

The financial activities are recorded in the individual funds described below, each of which is deemed to be a separate accounting entity. The financial position and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues, and expenditures or expenses.

NOTE 1—FINANCIAL STATEMENTS AND DESCRIPTIONS OF FUNDS AND ACCOUNT GROUPS: (Continued)

GOVERNMENTAL FUND TYPES

General Fund:

The General Fund accounts for all financial transactions not accounted for in any other fund. By law, all revenues received by any department or agency of the State, other than the New Hampshire College of Agriculture and Mechanical Arts, the University System of New Hampshire, the building projects revolving fund of the State Board of Education and revenues received by certain independent financing authorities of the State, are paid at least weekly into the State Treasury. All such revenues, other than the designated revenues described below, are credited to the General Fund. Annual expenditures for all state activities and functions not allocated by law to other funds are charged to the General Fund.

Special Revenue Funds:

The Special Revenue Funds include the following:

Highway Fund: Under the State Constitution, all revenue in excess of the necessary cost of collection and administration accruing to the State from motor vehicle registration fees, operators' licenses, gasoline road toll or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels are appropriated and used exclusively for the construction, reconstruction and maintenance of public highways and for the payment of the interest and principal of bonds issued for highway purposes. All such revenues, together with federal grants-in-aid received by the State for highway purposes are credited to the Highway Fund. While the principal and interest on State highway bonds is charged to the Highway Fund, the assets of such funds are not pledged to such bonds.

Fish and Game Fund: The operations of the State Fish and Game Department, including the operation of fish hatcheries, inland and marine fisheries and wildlife areas, and functions related to law enforcement, land acquisition, and wildlife management and research, are financed through the Fish and Game Fund. Principal revenues of this fund include fees from fish and game licenses, the marine gas tax, penalties and recoveries, and federal grants-in-aid related to fish and game management, all of which is appropriated annually by the legislature for the use of the Fish and Game Department.

Special Fund: The State allocates to the Special Fund expenditures for and revenues of programs which, by statute, operate primarily from specific program revenues or from federal grants-in-aid, including the State welfare programs, education assistance programs and the Department of Employment Security. The Turnpike System formerly accounted for in the Special Fund is now a part of the Enterprise Fund.

Capital Projects Fund:

The State records in the Capital Projects Fund certain capital improvement appropriations which are or will be primarily funded by the issue of State bonds or notes, other than bonds and notes for highway or turnpike purposes, or by the application of certain federal matching grants. Also recorded in this Fund are capital improvement appropriations issued by the State for the purpose of funding capital improvements for the University System of New Hampshire (USNH). As detailed in Note 6, certain USNH bonds are classified as self-liquidating. The debt service requirements are funded by USNH by way of direct payments to the State Treasurer and are recorded in the General Fund.

PROPRIETARY FUND TYPE

Enterprise Funds:

The State's Enterprise Funds were established in fiscal 1975–1976 to account for the self-supporting activities of State governmental units which render services on a user-charge basis to the general public. These funds accounted for Liquor Commission's and Sweepstakes Commission's activities through fiscal year 1986. Beginning with fiscal year 1987, the activities of the Turnpike System were accounted for in this fund.

New Hampshire Turnpike System: The State constructs, maintains and operates transportation toll facilities. Under Chapter 203, Laws of 1986, the Legislature established a 10-year state highway construction and reconstruction plan and authorized appropriations for certain projects. The portion applicable to the New Hampshire Turnpike System is $368,650,000 of which $312,500,000 was appropriated as of June 30, 1986.

An additional $18,726,969 was appropriated in fiscal 1987. The balance will be subsequently appropriated. A summary of the turnpike program estimated costs over the next 10 years is as follows:

a) Central Turnpike	$ 179,350,000
b) Circumferential—Nashua	130,000,000
c) Spaulding Turnpike	23,200,000
d) Blue Star (I-95)	1,600,000
e) Conway Bypass	34,500,000
Total	$ 368,650,000

Liquor Commission: Receipts from operations of the Liquor Commission are transferred to the General Fund on a daily basis. The General Fund advances cash to the Liquor Commission for the purchase of liquor inventory. By statute, all liquor and beer sold in New Hampshire must be sold through a sales and distribution system operated by the State Liquor Commission, comprised of three members appointed by the Governor with the consent of the Executive Council. The Commission makes all liquor purchases directly from the manufacturers and importers and operates State liquor stores in cities and towns that accept the provisions of the local option law. The Commission is authorized to lease and equip stores, warehouses and other merchandising facilities for liquor sales, to supervise the construction of State-owned liquor stores at various locations in the State, and to sell liquor through retail outlets as well as direct sales to restaurants, hotels and other organizations. The Commission also charges permit and license fees for the sale of beer through private distributors and retailers plus a tax on beer sold by such retailers at the rate of 30 cents per gallon.

Sweepstakes Commission: The State conducts daily and weekly lotteries throughout the State through tickets sold by or on behalf of the State Sweepstakes Commission in State liquor stores, at horse and dog race tracks and at specified retail outlets in the State. The excess revenues after expenses of the Commission are transferred to the Department of Education in the General Fund, to be subsequently used for aid to education by way of a transfer process to the local school districts. Fiscal year 1987 marked the second year for the Tri-State Megabucks Program, a unique lottery program conducted in cooperation with Vermont and Maine. The New Hampshire Sweepstakes Commission hosts the weekly Megabucks drawing for all three states. The Tri-State computer facility is located in the State of Maine. Vermont administers the central accounting function for the payment of the jackpot prizes and joint operating expenses. The New Hampshire Sweepstakes Commission conducts sales through an on-line computer system by means of some 650 sales terminals and a season pass subscription plan. The State's proceeds from this program are included in Sweepstakes revenues and are therefore a part of the Sweepstakes funds used for aid to education.

FIDUCIARY FUND TYPES

Trust and Agency:

Transactions related to assets held by the State in a trustee or agency capacity are accounted for in the fiduciary fund type. The fiduciary fund type is comprised of an expendable trust fund, non-expendable trust funds, and agency funds. The non-expendable trust fund accounts for assets received and expended by the State as trustee. Agency funds account for assets received by the State as an agent. The expendable trust fund represents the State's Unemployment Compensation Trust Fund.

ACCOUNT GROUPS

General Fixed Assets: (Unaudited)

Governmental general fixed assets are recorded on the statements at the best estimates of historical costs based on records available.

General Long-Term Debt:

Activities related to general government unmatured long-term general obligation bonds payable, water pollution contract obligations and the cumulative liability for compensated absences are reflected in the General Long-Term Debt Account Group.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The accounts of all Governmental Funds, the Expendable Trust Fund and Agency Funds are maintained and reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and assets are recognized when measurable and available to finance operations during the year. Expenditures and liabilities are recognized when obligations are incurred as a result of receipt of goods or services, except that interest on long-term debt is recognized as an expenditure when it becomes payable.

The accounts of the Enterprise Fund and Non-Expendable Trust Funds are maintained and reported on the accrual basis of accounting.

Interpretation of "Total (Memorandum Only)" Column:

Amounts in the "Total (Memorandum Only)" column represent the aggregate of the columnar statements by fund type and account group. Because fund types and account groups utilize different bases of accounting and include both restricted and unrestricted assets and fund equities, amounts in the "Total (Memorandum Only)" column do not necessarily represent comparable total resources available for spending or appropriation.

Inventories:

Consumable inventories with the exception of sweepstakes instant game tickets are stated at average cost. Sweepstakes game tickets are stated at the lower of cost (first-in, first-out method) or market.

Fixed Assets:

Governmental general fixed assets shown on the statements have been reported at the best estimates of historical costs based on records available. Interest cost incurred during construction is not capitalized. Infrastructure fixed assets, such as roadways, bridges and access ramps, are not capitalized. Depreciation is not recorded on general fixed assets.

General fixed assets by asset classification for the year ended June 30, 1987, are as follows (amounts expressed in thousands) (Unaudited):

	Balance July 1, 1986	Additions	Deletions	June 30, 1987
Land and Land Improvements	$ 124,494	$ 14,891	$ 13,323	$ 126,062
Buildings and Improvements	199,495	19,398	49	218,844
Equipment	73,450	22,007	8,376	87,081
Total	$ 397,439	$ 56,296	$ 21,748	$ 431,987

Enterprise fixed assets are recorded at cost. Depreciation is recorded on the straight-line method based on the estimated useful lives of the assets as follows: Infrastructure—50 years; Buildings—20 to 40 years; Leasehold Improvements—6 years; and Equipment—3 to 10 years.

Infrastructure repairs, maintenance and replacements to the New Hampshire Turnpike System toll facilities are charged to operations in the period incurred. Additions and betterments are capitalized.

Fixed assets purchased or constructed by other funds for the Enterprise Fund are recorded at cost as an increase to "Contributions from Other Funds."

Maintenance and repairs are charged to operations when incurred. Expenditures which materially increase values, change capacities or extend useful lives are capitalized.

Infrastructure: The State has not presently included the costs associated with projects of the Turnpike System where the Federal government has provided funding. An analysis and review is being conducted to measure the costs of these projects and to record the amount of such costs in the Turnpike System's financial statements. To the extent the Federal government or other non-Turnpike System funds have been provided for such projects, this amount will be recorded as an increase to infrastructure and as contributed capital under fund equity on the Turnpike System balance sheet. Any Turnpike System participation in such projects will be recorded in the same manner as projects where the Federal government or other non-Turnpike System State sources have not provided funding. Under generally accepted accounting principles (GAAP) the treatment of the costs of such projects that are funded by the Federal government or other non-Turnpike System sources will not have an impact on the Retained Earnings of the Turnpike System.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Encumbrances:

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. Upon receipt of goods or services the encumbrance is liquidated and the expenditure and liability are recorded. Unliquidated encumbrances are reported in the reserve for encumbrances account.

Interfund and Intrafund Transactions:

The State accounts for interfund and intrafund transactions as described below.

Reimbursements—Various departments charge fees on a user basis for such services as centralized data processing, accounting and auditing, purchasing, personnel and maintenance. These fees are recorded as revenue by the servicing department and as expenditures by the user department.

Restatements:

The Debt Service Fund (representing approximately $8 million in cash) was eliminated and transferred to the Enterprise Funds in fiscal 1987. Effective July 1, 1986 the Unemployment Compensation Trust Fund changed its year-end from December 31 to June 30 to correspond with the State's fiscal year. Accordingly, the financial statements of the fiduciary fund type reflect a restatement of the fund equity at July 1, 1986 for the activity of the Unemployment Compensation Trust Fund for the six months ended June 30, 1986 as follows:

REVENUES:	
Contributions	$ 17,283,574
Investment Income	6,348,535
Total Revenues	23,632,109
EXPENDITURES:	
Benefits and Refunds	9,953,343
Other	(57,173)
Total Expenditures	9,896,170
Net Increase	13,735,939
Fund Balance at June 30, 1986 as Previously Reported	124,612,575
Fund Balance at July 1, 1986 as Restated	$138,348,514

Capital Projects:

The State records the resources obtained and used for the acquisition, construction or improvement of certain capital facilities in the Highway Fund and the Capital Projects Fund. Encumbrances are recorded when contracts are executed. Expenditures are recorded, and encumbrances are liquidated, as incurred.

Resources obtained to finance capital projects include federal grants, short-term bond anticipation notes, and general obligation bonds. Revenue recognition of federal grants is discussed under the caption Grants. Short-term bond anticipation notes are recorded as a liability. General obligation bonds are recorded as a liability in the Long-Term Debt Account Group, and as other financing sources in the Highway Fund and the Capital Projects Fund when the proceeds are received.

Since expenditures are recorded as incurred, and the proceeds of bonds are recorded when received, which is normally after the project has been completed, the Undesignated Surplus in the Highway Fund and Capital Fund reflect deficits.

Capital projects of the University System are recorded in the Capital Projects Fund until completion of the project. Upon issuance of the general obligation bonds the liability and amounts to be provided for payment of the bonds are recorded in the Long-Term Debt Account Group. The State pays all debt service on these bonds. However, the State is reimbursed by the University System for the debt service on self-amortizing bonds.

Lease Commitments:

The State has lease commitments which extend forward a number of years. Rent expenditures under long and short-term agreements, for all funds, for fiscal 1987 amounted to $18,217,000. Agreements which are in substance capital leases, and operating lease commitments, are not considered material to the State's financial statements.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Annual Leave and Sick Leave:

Every continuing full-time employee in the State classified service is entitled to annual and sick leave with full pay on the basis of the employee's scheduled work week and years of service. Annual and sick leave is computed at the end of each completed month of service. Employees rendering seasonal or temporary service in excess of six months are entitled to annual and sick leave at the same rate for time actually worked.

Annual and sick leave is cumulative for not more than the prescribed days and will not lapse. The maximum annual accrual ranges from 12 to 24 days for annual leave and 15 days for sick leave. The maximum cumulative accrual ranges from 30 to 48 days for annual leave and from 90 to 120 days for sick leave. Additional annual leave ("Bonus Days") is earned for each three month period during which time the employee does not utilize any sick leave. The maximum annual accrual is four days. There is no limit on the cumulative accrual for "Bonus Days."

The State's cumulative liability which amounted to $25,361,174 for governmental fund types was recorded in the General Long-Term Debt Account Group. The liability for the enterprise fund types amount to $1,247,707 for Liquor, $137,505 for Sweepstakes, and $384,279 for Turnpike at June 30, 1987 and is reported in those funds.

Grants:

Certain federal grants, made on the basis of entitlement periods, are recorded as receivables and revenues when entitlement occurs. Other federal grants made on a reimbursement basis are recorded as receivables and revenues when the related expenditures are incurred.

Budget Control and Reporting:

The statutes of the State of New Hampshire require the Governor to submit a biennial budget to the Legislature. This budget consists of three parts: Part I is the Governor's program for meeting all expenditure needs as well as estimating revenues to be received. There is no constitutional or statutory requirement that the Governor propose or the Legislature adopt a budget that does not resort to borrowing. Part II is a detailed breakdown of the budget at the department level for appropriations to meet the expenditure needs of the government. Part III consists of draft appropriation bills for the appropriations made in the proposed budget.

This budget is prepared and adopted for the following Budgetary Funds: General Fund, Special Revenue Funds (Special Fund, Highway Fund, Fish and Game Fund). A detailed description of these funds and their functions is explained in Note 1—Financial Statements and Descriptions of Funds and Account Groups.

In addition to the enacted biennial budget, the Governor may submit supplemental appropriation requests necessary to meet expenditures due to laws enacted subsequent to the general budget appropriation.

Financial control procedures are maintained by both the executive and legislative branches of government. The Executive Branch, represented by the Commissioner of the Department of Administrative Services, is directed to continually monitor the State's financial operations, needs, and resources, and to maintain a system of governmental cost accounting. The Legislative Branch, represented by the Fiscal Committee, the Joint Legislative Capital Budget Overview Committee, and the Office of the Legislative Budget Assistant, monitors compliance with the budget and the effectiveness of budgeted programs.

A Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual—Budgetary Basis, General and Special Revenue Funds, is presented for the first time this year as part of the General Purpose Financial Statements.

The State issues a supplemental financial report on a budgetary basis.

Reserve for Revenue Stabilization Account:

Legislation has been enacted to establish as of July 1, 1987 a Reserve for Revenue Stabilization Account within the General Fund. At the close of each fiscal year, any General Fund operating excess of revenues over expenditures will be transfered to the Reserve for Revenue Stabilization. The balance in the reserve is limited to five percent of the actual General Fund unrestricted revenues for the fiscal year. Any amount in excess of five percent must be transferred to General Fund Undesignated Fund Balance. In the event of a General Fund operating deficit at the close of a fiscal year, the Comptroller shall notify the Advisory Budget Control Committee and the Governor and request a transfer from the Reserve for Revenue Stabilization Account of sufficient funds, to the extent available, to reduce or eliminate the deficit. Such a transfer may be made only if unrestricted General Fund revenues for that fiscal year were less than the budget forecast, and in a sum that does not exceed the amount of that revenue shortfall or the amount of the deficit, whichever is less. No monies in the Reserve for Revenue Stabilization Account can be used for any purpose other than deficit reduction or elimination except by specific appropriation approved by two-thirds of each house of the Legislature and by the Governor.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Bonding Reserve Account:

Chapter 399:10 II, Laws of 1987 authorize the State Treasurer, with the prior approval of the fiscal committee and Governor and Council to utilize 50 percent of any General Fund unrestricted revenue which is in excess of $524,320,000 for fiscal year 1987, $540,820,000 for fiscal year 1988, and $556,020,000 for fiscal year 1989, as determined by the official audit performed pursuant to RSA 21-I:8, I(h) at the close of each fiscal year for the purpose of providing funds to pay capital project costs in lieu of issuing bonds. As amounts are approved, funds will be transferred to the Capital Projects Fund.

NOTE 3—RECONCILIATION OF GAAP TO BUDGET DIFFERENCES:

The following schedule reconciles fund equity of the various funds at June 30, 1987, if a difference exists between the budgetary method and generally accepted accounting principles (GAAP).

	GOVERNMENTAL FUND TYPES				
		Special Revenue Funds			
	General	Highway	Fish and Game	Special	Total Special Revenue Funds
Fund Equity at June 30, 1987 (Budgetary method)	$ 178,634,191	$ 108,925,715	$ 3,161,619	$ 3,990,078	$ 116,077,412
Adjustments and Reclassifications:					
Accounts Receivable	(12,138,956)	(1,494,460)	74,452	17,451,863	16,031,855
Accounts Payable and Accrued Expenses	(30,743,011)	(15,436,009)	(378,785)	(23,420,710)	(39,235,504)
Due to Trust Funds	(260,308)				
Adjustments Affecting Enterprise Transfer to General Fund	(3,629,850)				
Adjustments Affecting Special Fund Lapses to General Fund	(4,257,226)			4,257,226	4,257,226
Elimination of Bonds Authorized and Unissued		(45,969,118)			(45,969,118)
Recording of Additional Trust and Agency Funds					
Fund Equity at June 30, 1987 (GAAP)	$ 127,604,840	$ 46,026,128	$ 2,857,286	$ 2,278,457	$ 51,161,871

In addition to the biennial operating budget, the Legislature adopts authorizations for the issuance of general obligation bonds and the expenditures of the funds obtained thereby are accounted for in the Capital Projects Fund and Enterprise Fund for Turnpikes. The State Liquor Commission and Sweepstakes Commission are budgeted in the General Fund. The Fiduciary Fund Type is not budgeted. Therefore, these activities are not presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Budgetary Basis, General and Special Revenue Funds.

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	
Capital Project	Enterprise	Trust and Agency	Total (Memorandum Only)
$ 132,379,728	$ 51,276,729	$159,028,369	$ 637,396,429
48,095	(1,545,951)		2,395,043
(1,651,545)	(3,097,608)		(74,727,668)
			(260,308)
	3,629,850		-0-
			-0-
(122,200,751)			(168,169,869)
		995,758	995,758
$ 8,575,527	$ 50,263,020	$160,024,127	$ 397,629,385

NOTE 4—CASH AND TEMPORARY INVESTMENTS:

The State pools substantially all cash and investments, except for separate cash and investment accounts which are maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments is included on the accompanying balance sheets under the caption "Cash and Temporary Investments."

	Cash In Banks	Cash Other	Temporary Investments	Total
Governmental Fund Types				
General	$ 5,059,920	$ 574,723	$ 103,727,551	$ 109,362,194
Special Revenue	(19,336,654)	861,522	29,586,295	11,111,163
Capital Projects	7,264,611			7,264,611
Sub Total	(7,012,123)	1,436,245	133,313,846	127,737,968
Proprietary Fund Type				
Enterprise	4,893,645	2,819,882	33,122,193	40,835,720
Fiduciary Fund Types				
Trust and Agency	1,102,460		186,631,973	187,734,433
Total	$(1,016,018)	$ 4,256,127	$ 353,068,012	$ 356,308,121
Balance Per Bank	$ 23,010,598	$ -0-	$ 353,068,012	$ 376,078,610
Outstanding Checks & Adjustments	(24,026,616)	4,256,127	-0-	(19,770,489)
Balance Per State	$(1,016,018)	$ 4,256,127	$ 353,068,012	$ 356,308,121

Policies and Practices for Deposits:

New Hampshire Revised Statute Annotated (RSA) Chapter 6:7 as amended (1986) establishes the policy the State Treasurer must adhere to when depositing public monies. The statute restricts deposits to certain types of financial institutions and limits the amounts that may be on deposit with a particular institution at any one time. In addition, all depositories must be approved, at least annually, by Governor and Council.

The State Treasury Department formally evaluates the financial condition of its depositories on a quarterly basis. The State Treasurer is required to submit quarterly financial reports detailing depository activity to the Governor and Council, the Commissioner of Administrative Services and the Legislative Fiscal Committee.

Policies and Practices for Investments:

New Hampshire Revised Statutes Annotated (RSA) Chapter 6:8 sets the policy the State Treasurer must adhere to when investing State funds. With the approval of Governor and Council, the Treasurer must invest in obligations of the United States Government, in obligations which are legal investments for savings banks and trust companies, in all types of savings accounts, in certificates of deposit of state or federally chartered banking institutions within New Hampshire, or in certificates of deposit of national banks within the Commonwealth of Massachusetts.

NOTE 4—CASH AND TEMPORARY INVESTMENTS: (Continued)

RSA 6-B:2 VII(1983) requires the Treasurer to submit quarterly financial reports detailing investment activity to the Governor and Council, the Commissioner of Administrative Services and the Legislative Fiscal Committee.

No written contracts relative to third party holders of collateral or establishing each party's rights with regard to repurchase agreements are entered into by the State. Banks through which repurchase orders are written maintain their collateral in an investment book entry account with the Federal Reserve. That collateral is not separate from the banks' assets. Repurchase Agreements represent a small portion of the State's portfolio (under 5%). Only overnight repurchase agreements are entered into and only with financial institutions which serve as state depositories, no brokers or dealers are involved in these transactions. The financial condition of each such financial institution is evaluated by the State Treasury Department on a quarterly basis. The State Treasurer is prohibited by statute from entering into reverse repurchase agreements.

Chapter 55 of the Laws of 1987 established the Public Investment Study Committee, with the State Treasurer as Chairman, to review existing guidelines for public investment by state and local finance officials. The Committee's report to the 1988 Legislature recommends establishing statutory guidelines for collateralization, bank evaluation and legal investments.

Deposits and Investments at June 30, 1987:

	Carrying Amount
Pooled Cash and Investments	
Demand Deposits	$ 3,240,109
Certificates of Deposit	132,082,169
Saving Accounts	134,258
Money Markets	29,200,612
Repurchase Agreements	5,019,000
Sub Total	169,676,148
Trust and Agency Investments	186,631,973
Total	$ 356,308,121

The carrying amount of deposits and investments approximates market value as of June 30, 1987. The Trust and Agency amount includes approximately $150 million of deposits with the United States Government, which are held in interest bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

NOTE 5—ACCOUNTS RECEIVABLE:

A summary of Accounts Receivable by Fund is as follows:

	General Fund	Special Revenue Funds	Capital Fund	Enterprise Funds	Trust and Agency Funds	Totals
Taxes:						
Meals and Rooms	$ 6,727,623					$ 6,727,623
Business Profits	5,422,687					5,422,687
Tobacco	2,726,188					2,726,188
Estate and Legacy	3,220,809					3,220,809
Real Estate Transfer	4,487,574					4,487,574
Gasoline Road Toll	8,823	$ 10,608,458				10,617,281
Beer				$ 1,147,262		1,147,262
Sub Total	22,593,704	10,608,458		1,147,262		34,349,424
Federal	6,318,831	50,073,681	$ 333,219			56,725,731
Other	10,216,024	9,647,048	4,241	1,759,137	$ 6,488,944	28,115,394
Total	$ 39,128,559	$ 70,329,187	$ 337,460	$ 2,906,399	$ 6,488,944	$ 119,190,549

NOTE 6—BONDS PAYABLE:

Bonds authorized and unissued amounted to $536,369,869 at June 30, 1987. The proceeds of the bonds will be applied to the following funds when issued:

Highway Fund	$ 45,969,118
Capital Fund	122,200,751
Enterprise Fund—Turnpike System	368,200,000
	$ 536,369,869

New Hampshire Revised Statutes Annotated, (RSA) Chapter 203 established a 10-year highway construction and reconstruction plan to be funded from State and Federal Funds as well as toll revenues. This legislation also authorized the Governor and Executive Council to sell up to $500 million revenue bonds to support this project.

These revenue bonds must comply with recent IRS regulations in order to retain their tax-exempt status. These new regulations dictate that the accounting for these revenue bonds must be in a separate fund to demonstrate that the use of the bond proceeds is expressly for the projects identified in the bond prospectus. New Hampshire has responded by establishing a new enterprise fund (Turnpike System) to account for all toll road related financial activity.

On May 15, 1986, the State defeased certain general obligation bonds. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. At June 30, 1987, $131 million of defeased bonds were still outstanding.

NOTE 6—BONDS PAYABLE: (Continued)

All bonds, except as noted in Note 15, issued by the State are general obligation bonds which are backed by the full faith and credit of the State. Interest rates on these issues range from 1.4% to 8.5%. The anticipated source of repayment and annual maturities are as follows:

				SOURCE OF PRINCIPAL PAYMENTS					
				GOVERNMENTAL FUNDS				ENTERPRISE	
Payable June 30,	Principal	Interest	Total	General Fund	Highway Fund	U.N.H. Self Liquidating	Total	Turnpike Fund	Total All Funds
1988	$ 29,295	$ 25,531	$ 54,826	$ 18,169	$ 6,091	$ 1,630	$ 25,890	$ 3,405	$ 29,295
1989	28,395	23,579	51,974	17,904	5,390	1,705	24,999	3,396	28,395
1990	28,755	21,672	50,427	17,808	5,389	1,624	24,821	3,934	28,755
1991	28,850	19,784	48,634	17,829	5,386	1,617	24,832	4,018	28,850
1992	25,430	18,001	43,431	16,333	4,066	1,106	21,505	3,925	25,430
1993	25,270	16,370	41,640	16,199	4,047	1,114	21,360	3,910	25,270
1994	25,090	14,724	39,814	16,087	4,030	1,077	21,194	3,896	25,090
1995	23,010	13,116	36,126	15,188	2,718	1,116	19,022	3,988	23,010
1996	21,510	11,576	33,086	14,354	2,067	1,114	17,535	3,975	21,510
1997	20,210	10,143	30,353	15,085	54	1,111	16,250	3,960	20,210
1998	18,645	8,770	27,415	13,794	53	853	14,700	3,945	18,645
1999	17,365	7,452	24,817	12,481	52	900	13,433	3,932	17,365
2000	16,165	6,186	22,351	11,297	52	897	12,246	3,919	16,165
2001	15,810	4,982	20,792	10,959	51	895	11,905	3,905	15,810
2002	12,070	3,805	15,875	7,611	50	545	8,206	3,864	12,070
2003	12,000	2,914	14,914	7,547	49	560	8,156	3,844	12,000
2004	10,115	2,101	12,216	5,690	46	560	6,296	3,819	10,115
2005	8,160	1,411	9,571	4,225		360	4,585	3,575	8,160
2006	6,170	863	7,033	2,250		360	2,610	3,560	6,170
2007	2,780	465	3,245			240	240	2,540	2,780
2008	1,515	298	1,813			90	90	1,425	1,515
2009	1,405	194	1,599					1,405	1,405
2010	580	97	677					580	580
2011	560	48	608					560	560
	$ 379,155	$ 214,082	$ 593,237	240,810	39,591	19,474	299,875	79,280	379,155
Amount to be provided by U.N.H. for retirement of bonds						(19,474)	(19,474)		(19,474)
Amount to be provided for retirement of debt				$ 240,810	$ 39,591	$ -0-	$ 280,401	$ 79,280	$ 359,681

NOTE 7—CHANGES IN THE GENERAL LONG-TERM DEBT ACCOUNT GROUP:

Changes in the General Long-Term Debt Account Group for the year ended June 30, 1987 are summarized below.

	Bonds Payable	Water Pollution Contracts Payable	Compensated Absences Payable
Balance July 1, 1986	$ 408,395,000	$ 2,079,941	$ 21,446,405
Bond Issuances			
Principal Retirements	(26,540,000)	(351,087)	
Bonds Transferred to Turnpike System	(81,979,950)		
Net Increase in Accrued Annual Leave			3,914,769
Balance June 30, 1987	$ 299,875,050	$ 1,728,854	$ 25,361,174

NOTE 8—EMPLOYEE BENEFIT PLANS:

New Hampshire Retirement System:

The State of New Hampshire participates in the New Hampshire Retirement System ("the Plan"). The Plan is a defined-benefit, contributory retirement plan covering substantially all employees of the State, teaching and professional staff of the public school system and permanent policemen and firemen. Employees of political subdivisions are also eligible to participate in the Plan, provided the governing body of such political subdivision has elected coverage. The Plan provides retirement, disability and death benefits according to predetermined formulas. Employees contribute a fixed percentage of annual compensation. The annual contribution required to cover that amount of normal cost not met by the employees' contributions is determined biennially by the Plan's actuary. The State funds 100% of the normal cost for all state employees, and 35% of the normal cost for teachers, policemen and firemen employed by political subdivisions. The State does not participate in funding the normal cost of other political subdivision employees.

The most recent actuarial valuation of the Plan was made as of June 30, 1985. Based on the 1985 actuarial valuation and on the June 30, 1987 forecast valuation, the unfunded prior service cost of the Plan amounted to $14,933,092. Prior service costs are being amortized over a 20-year period. The State is funding 100% of the annual funding of the past service cost related to State employees, policemen and firemen and 35% of the teachers' annual funding.

The State's actuary estimates the actuarial present value of plan benefits. This is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits earned by the members to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

The forecasted accumulated Plan benefit information as of June 30, 1987, computed using the June 30, 1985 actuarial valuation, is as follows:

Present value of vested benefits:

For beneficiaries receiving payments and former members entitled to deferred allowances	$ 287,298,000
For other members	280,475,000
	567,773,000
Present value of nonvested benefits	39,471,000
Total actuarial present value of accrued benefits	$ 607,244,000
Unfunded prior service liability	$ 14,933,092
Assets available for benefits (actual)	$ 1,053,010,057

Actuarial computations were made using the projected benefit method with aggregate level normal cost and frozen prior service liability. Gains and losses are spread over the average future careers of active members. The assumed rate of return for calculating accumulated plan benefits is 8%.

The provision reflected in the financial statements of the State for the fiscal year ended June 30, 1987 amounted to approximately $9.7 million.

NOTE 8—EMPLOYEE BENEFIT PLANS: (Continued)

Deferred Compensation Plan:

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the Plan), subject only to the claims of the State's general creditors. Participants rights under the Plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the State's legal counsel that the State has no liability for losses under the Plan and does not have a duty with regard to the investment decisions made by the individual employees who possess an expectancy in receiving funds equivalent to the balance in their specific plan accounts. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The assets of the Plan, which are primarily invested in fixed and variable rate annuity contracts with insurance companies, totalled $21,870,640 at June 30, 1987.

Health Care Insurance for Retired Employees:

In addition to providing pension benefits, the State provides certain health care insurance benefits for retired employees. Substantially all of the State's employees may become eligible for those benefits if they reach normal retirement age while working for the State and receive their pension on a periodic basis rather than a lump sum. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on the benefits paid during the year. The State recognizes the cost of providing those benefits by paying the annual insurance premiums, which was approximately $2.3 million for State retirees receiving a periodic pension benefit for the fiscal year ended June 30, 1987.

NOTE 9—CONTINGENT AND LIMITED LIABILITIES:

Bonds and First Mortgages:

The State of New Hampshire is contingently liable for bonds sold by municipalities, school districts and for first mortgages on industrial and recreational property which contain the guarantee of the State of New Hampshire and amount to $179,754,897. The following table shows the composition of contingent and limited liabilities as of June 30, 1987.

	Principal	Interest	Total
Water Pollution Control, RSA 149-5 (Supplement) (Legal Limit $225,000,000)	$ 90,999,134	$ 49,216,979	$ 140,216,113
N.H. School Building Authority RSA 195-C (Supplement)(Legal Limit $45,000,000)	26,067,000	11,801,946	37,868,946
Water Resources Council RSA 481:18 (Legal Limit $5,000,000)	280,000	42,238	322,238
Industrial Development Authority RSA 162-A:14-a (Legal Limit $17,000,000)	1,347,600		1,347,600
Total	$ 118,693,734	$ 61,061,163	$ 179,754,897

NOTE 9:—CONTINGENT AND LIMITED LIABILITIES: (Continued)

The State of New Hampshire has a limited liability for the New Hampshire Housing Finance Authority and the New Hampshire Municipal Bond Bank. Both entities are required to maintain a bond reserve fund. A request for an appropriation may be submitted to the legislature for a sum required to maintain the bond reserve fund at the established bond reserve fund requirements. Amounts so requested are subject to appropriation by the Legislature and do not constitute a debt of the State.

The State receives federal grants which are subject to review and audit by the grantor agencies. Although these audits could result in expenditure disallowances under the terms of the grants, it is believed that required reimbursements would not have a material effect on the financial statements.

NOTE 10—LITIGATION:

The State, its agencies and employees are defendants in numerous lawsuits involving such matters as funding for social welfare programs, contract claims and negligence. Although the Attorney General is unable to predict the ultimate outcome of the majority of these suits which seek between $39 million and $57 million, in the opinion of the Attorney General and the Commissioner of Administrative Services, the likelihood of such litigation resulting, either individually or in the aggregate, in final judgments against the State which would materially affect its financial position is remote. Accordingly, no provision for the ultimate liability, if any, has been made in the financial statements.

NOTE 11—GOVERNMENTAL FUND SURPLUS (DEFICIT):

The State's Highway Fund undesignated deficit was $22.0 million at June 30, 1987 compared to $17.9 million at June 30, 1986. The State's Capital Fund undesignated deficit was $28.2 million at June 30, 1987 compared to a designated fund balance of $13.8 million at June 30, 1986. These deficits exist because project expenditures are recorded as incurred, and the proceeds of bonds to finance these expenditures are recorded when received which is normally after the project has been completed.

The State's Special Fund undesignated deficits were $8.7 million and $5.4 million at June 30, 1987 and June 30, 1986 respectively. These deficits exist because the Reserve for Encumbrances, $11.0 million and $13.3 million as of June 30, 1987 and June 30, 1986 respectively, has been charged to the Undesignated Fund Balance. Federal reimbursements on these encumbered contracts are not credited to Undesignated Fund Balance until the expenditures are incurred. As of June 30, 1987 and June 30, 1986, the obligated federal reimbursement on the Reserve for Encumbrances amounted to approximately $10 million and $11.5 million respectively.

NOTE 12—SEGMENT INFORMATION:

Segment financial information for the State's Enterprise Funds for the year ended June 30, 1987 is presented below.

	Turnpike System	Liquor Commission	Sweepstakes Commission	Total
Operating Revenues (Net of Cost of Goods Sold for Liquor Commission)	$ 23,494,286	$ 46,993,134	$ 26,316,009	$ 96,803,429
Depreciation Expense	2,942,224	831,840	37,107	3,811,171
Operating Income	4,904,059	31,541,231	19,277,650	55,722,940
Operating Interfund Transfers In (Out)	(4,211)	(46,122,655)	(20,669,391)	(66,796,257)
Tax Revenue	-0-	11,276,369	-0-	11,276,369
Net Income (Loss)	5,981,618	-0-	-0-	5,981,618
Fixed Assets Additions (Disposals)	14,335,108	406,218	60,055	14,801,381
Net Working Capital (Deficit)	(582,042)	-0-	(104,619)	(686,661)
Total Assets	138,336,129	31,032,350	23,895,434	193,263,913
Long-Term Liabilities Outstanding	79,279,950	-0-	-0-	79,279,950
Total Fund Equity	41,505,931	8,757,089	-0-	50,263,020

NOTE 13—INTERFUND RECEIVABLES AND PAYABLES:

Interfund receivables and payables consist of the following at June 30, 1987:

	DUE FROM						
		SPECIAL REVENUE FUNDS					
DUE TO	General	Highway	Special	Total	Capital	Trust and Agency	Total
General Fund			$ 4,257,226	$ 4,257,226		$ 260,308	$ 4,517,534
Special Revenue Funds:							
Highway	$ 1,000,000				$ 2,625,000		3,625,000
Enterprise Funds:							
Turnpike System		$ 16,499,996		16,499,996			16,499,996
Liquor Commission	8,826,473						8,826,473
Sweepstakes Commission	20,669,391						20,669,391
Total Enterprise Funds	29,495,864	16,499,996		16,499,996			45,995,860
Total All Funds	$ 30,495,864	$ 16,499,996	$ 4,257,226	$ 20,757,222	$ 2,625,000	$ 260,308	$ 54,138,394

NOTE 14—SUMMARY OF BUDGET TO ACTUAL VARIANCES:

The following is a summary of budget to actual variances.

	GOVERNMENTAL FUND TYPES					
	Revenues (Millions)					
	Unrestricted	Restricted				
Fund	Excess (Shortfall)	(1) Budget Reductions	Lapses to Surplus	Excess (Shortfall)	Total Restricted	Total Revenue
General	$ 84	$(39)	$(3)	$ 39	$(3)	$ 81
Highway	20	(19)	(3)	3	(19)	1
Fish and Game	1			1	1	2
Special		(28)		4	(24)	(24)
Total Special Revenue	21	(47)	(3)	8	(42)	(21)
Totals	$ 105	$(86)	$(6)	$ 47	$(45)	$ 60

	Expenditures (Millions)			
Fund	(2) Budget Reductions	Lapses to Surplus	Other Transfers	Total Expenditures
General	$ 39	$ 11	$(5)	$ 45
Highway	19	24	(8)	35
Fish and Game			1	1
Special	28	1	5	34
Total Special Revenue	47	25	(2)	70
Totals	$ 86	$ 36	$(7)	$ 115

	Other Financing Sources (Uses) (Millions)
	Operating Transfers In
Fund	Excess (Shortfall)
Total General (Liquor and Sweepstakes)	$ 17

Notes: (1) Budget reductions of estimated revenue, transfers and program closeouts are offset against gross appropriations.

(2) Budget reductions of gross appropriations, transfers and program closeouts are offset against estimated restricted revenue.

NOTE 15—SUBSEQUENT EVENTS:

The State of New Hampshire issued $100,000,000 Turnpike System Revenue Bonds, 1987 Series in November of 1987, for the purpose of financing a portion of the cost of certain capital improvements to the Turnpike System. The 1987 Series Bonds are limited obligations of the State payable solely out of net revenues of the State of New Hampshire Turnpike System.

COMBINING FINANCIAL STATEMENTS

COMBINING FINANCIAL STATEMENTS

STATE OF NEW HAMPSHIRE
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 1987

ASSETS	Highway Fund	Fish and Game Fund	Special Fund	Total
Cash and Temporary Investments	$ 24,115,656	$ 2,404,504	$(15,408,997)	$ 11,111,163
Accounts Receivable	30,824,000	831,777	38,673,410	70,329,187
Due from Other Funds	16,499,996		4,257,226	20,757,222
Inventories	1,438,786			1,438,786
Total Assets	$ 72,878,438	$ 3,236,281	$ 27,521,639	$ 103,636,358
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	$ 12,975,175	$ 124,699	$ 21,348,118	$ 34,447,992
Accrued Payroll	2,484,494	254,296	2,183,442	4,922,232
Deferred Revenue	7,767,641		1,711,622	9,479,263
Due to Other Funds	3,625,000			3,625,000
Total Liabilities	26,852,310	378,995	25,243,182	52,474,487
FUND BALANCES:				
Reserve for Encumbrances	66,605,257	369,865	11,001,481	77,976,603
Reserve for Inventories	1,438,786			1,438,786
Designated—Other		1,346,842		1,346,842
Undesignated Surplus (Deficit)	(22,017,915)	1,140,579	(8,723,024)	(29,600,360)
Total Fund Balances	46,026,128	2,857,286	2,278,457	51,161,871
Total Liabilities and Fund Balances	$ 72,878,438	$ 3,236,281	$ 27,521,639	$ 103,636,358

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Highway Fund	Fish and Game Fund	Special Fund	Total
REVENUES:				
Special Taxes			$ 84,660	$ 84,660
Business License Taxes	$ 79,461,022			79,461,022
Non-Business License Taxes	37,118,890	$ 4,685,903		41,804,793
Fees	6,996,528	19,934	136,857	7,153,319
Fines, Penalties and Interest	445,090	56,279	335,741	837,110
Grants from Federal Government	60,861,685	1,449,587	173,769,170	236,080,442
Grants from Private and Local Sources	4,751,940	163,239	22,456,953	27,372,132
Rents and Leases	2,709			2,709
Interest, Premiums and Discounts	1,378,050	121,003	195,492	1,694,545
Sale of Commodities	40,556	85,571	10,004	136,131
Sale of Services	2,612,323	26,904		2,639,227
Assessments			1,228,419	1,228,419
Grants from Other Agencies	326,506	370,884	12,559,109	13,256,499
Miscellaneous	2,335,781	798,763	2,453,447	5,587,991
Total Revenues	196,331,080	7,778,067	213,229,852	417,338,999
EXPENDITURES:				
General Government			18,104,572	18,104,572
Administration of Justice and Public Protection	1,155,123		11,786,197	12,941,320
Resource Protection and Development		6,441,140	4,875,779	11,316,919
Transportation	119,785,764			119,785,764
Health and Social Services			205,594,367	205,594,367
Education			42,403,473	42,403,473
Debt Service	10,406,328		60,025	10,466,353
Capital Outlays	69,806,200	320,986	1,187,576	71,314,762
Total Expenditures	201,153,415	6,762,126	284,011,989	491,927,530
Excess of Revenues Over (Under) Expenditures	(4,822,335)	1,015,941	(70,782,137)	(74,588,531)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In		187,464	74,236,561	74,424,025
Enterprise Transfers In	4,211			4,211
Operating Transfers Out	(3,157,782)	(13,186)	(5,547,091)	(8,718,059)
Miscellaneous	43,171			43,171
Contributed to Turnpike System			(3,548,597)	(3,548,597)
Construction in Progress Transferred to Turnpike System	3,641,567			3,641,567
Total Other Financing Sources (Uses)	531,167	174,278	65,140,873	65,846,318
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(4,291,168)	1,190,219	(5,641,264)	(8,742,213)
Fund Balances—July 1	50,317,296	1,667,067	7,919,721	59,904,084
Fund Balances—June 30	$ 46,026,128	$ 2,857,286	$ 2,278,457	$ 51,161,871

STATE OF NEW HAMPSHIRE
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
JUNE 30, 1987

ASSETS	Turnpike System	Liquor Commission	Sweepstakes Commission	Total
Cash and Temporary Investments	$ 16,716,459	$ 1,547,457	$ 22,571,804	$ 40,835,720
Accounts Receivable	251,747	1,672,042	982,610	2,906,399
Inventories		19,055,762	190,843	19,246,605
Prepaid Expenses			45,558	45,558
Land	5,490,103	1,298,573		6,788,676
Land Improvements		528,766		528,766
Buildings	2,277,616	6,431,970		8,709,586
Building Improvements		758,949		758,949
Equipment	2,086,179	5,668,745	249,595	8,004,519
Construction in Progress	17,929,440			17,929,440
Infrastructure	133,794,568			133,794,568
Less: Allowance for Depreciation and Amortization	(40,209,983)	(5,929,914)	(144,976)	(46,284,873)
Total Assets	$ 138,336,129	$31,032,350	$ 23,895,434	$ 193,263,913
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Accounts Payable	$ 429,430	$ 9,920,374	$ 945,155	$ 11,294,959
Accrued Payroll	236,543	699,273	101,279	1,037,095
Compensated Absences Payable	384,279	1,247,707	137,505	1,769,491
Deferred Revenue		1,581,434	1,169,363	2,750,797
Other Liabilities			872,741	872,741
Due to Other Funds	16,499,996	8,826,473	20,669,391	45,995,860
Bonds Payable	79,279,950			79,279,950
Total Liabilities	96,830,198	22,275,261	23,895,434	143,000,893
FUND EQUITY:				
Contribution from Other Funds		8,757,089		8,757,089
Retained Earnings	41,505,931			41,505,931
Total Fund Equity	41,505,931	8,757,089		50,263,020
Total Liabilities and Fund Equity	$ 138,336,129	$31,032,350	$ 23,895,434	$ 193,263,913

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS — ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Turnpike System	Liquor Commission	Sweepstakes Commission	Total
Revenues:				
Sales		$ 168,052,901	$ 57,316,751	$ 225,369,652
Tolls	$ 23,494,286			23,494,286
Total Revenues	23,494,286	168,052,901	57,316,751	248,863,938
Prizes			31,000,742	31,000,742
Cost of Goods Sold		121,059,767		121,059,767
Gross Profit	23,494,286	46,993,134	26,316,009	96,803,429
Operating Expenses:				
Personnel Services	4,864,970	9,529,580	1,320,336	15,714,886
Supplies and Materials	722,195	251,709	121,985	1,095,889
Communications	27,955	228,453	176,959	433,367
Travel	9,491	98,898	32,657	141,046
Printing and Binding	9,418	60,664	1,024,368	1,094,450
Advertising	1,451	329,373	442,795	773,619
Commissions			3,008,724	3,008,724
Heat, Light and Power	506,106	458,368		964,474
Rent	658,069	1,224,230	96,952	1,979,251
Repairs and Alterations	2,017,897	433,873		2,451,770
Miscellaneous	1,315,109	322,526	387,593	2,025,228
Grants and Subsidies		1,663,993	285,821	1,949,814
Interest and Cost of Bonds	5,118,486			5,118,486
Indirect Costs	396,856			396,856
Capital Outlays		18,396		18,396
Depreciation	2,942,224	831,840	37,107	3,811,171
Enforcement			103,062	103,062
Total Operating Expenses	18,590,227	15,451,903	7,038,359	41,080,489
Operating Income	4,904,059	31,541,231	19,277,650	55,722,940
Other Income:				
Licenses		2,121,489		2,121,489
Beer Taxes		11,276,369		11,276,369
Miscellaneous	1,081,770	351,726	1,391,741	2,825,237
Total Other Income	1,081,770	13,749,584	1,391,741	16,223,095
Income Before Operating Transfers	5,985,829	45,290,815	20,669,391	71,946,035
Operating Transfers:				
To Highway Fund/General Fund	4,211	46,122,655	20,669,391	66,796,257
Operating Transfers from Other Funds		(831,840)		(831,840)
Net Operating Transfers	4,211	45,290,815	20,669,391	65,964,417
Net Income [Increase (Decrease) in Retained Earnings]	5,981,618	-0-	-0-	5,981,618
Retained Earnings—July 1	35,524,313	-0-	-0-	35,524,313
Retained Earnings—June 30	$ 41,505,931	$ -0-	$ -0-	$ 41,505,931

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Turnpike System	Liquor Commission	Sweepstakes Commission	Total
SOURCE OF FUNDS				
OPERATIONS				
Income Before Operating Transfers	$ 5,985,829	$ 45,290,815	$ 20,669,391	$ 71,946,035
Items Not Requiring the Use of Working Capital:				
Depreciation	2,942,224	831,840	37,107	3,811,171
Total Financial Resources from Operations	8,928,053	46,122,655	20,706,498	75,757,206
Decrease in Working Capital	8,111,266		22,948	8,134,214
Operating Transfer from Other Funds		406,218		406,218
Total Source of Funds	$ 17,039,319	$ 46,528,873	$ 20,729,446	$ 84,297,638
USE OF FUNDS				
Additions to Fixed Assets	$ 14,335,108	$ 406,218	$ 60,055	$ 14,801,381
Decrease in Bonds Payable	2,700,000			2,700,000
Operating Transfers to General Fund		46,122,655		46,122,655
Operating Transfer to Education			20,669,391	20,669,391
Operating Transfer to Highway Fund	4,211			4,211
Total Use of Funds	$ 17,039,319	$ 46,528,873	$ 20,729,446	$ 84,297,638
CHANGES IN COMPONENTS OF WORKING CAPITAL				
Current Assets				
Casn and Temporary Investments	$ 5,381,304	$(1,473,490)	$ 11,006,223	$ 14,914,037
Accounts Receivable	(387,729)	(95,810)	66,686	(416,853)
Inventories		(824,406)	33,687	(790,719)
Prepaid Expenses			(80,918)	(80,918)
Total Current Assets	4,993,575	(2,393,706)	11,025,678	13,625,547
Current Liabilities				
Accounts Payable and Accruals	(246,412)	(1,680,212)	(1,125,456)	(3,052,080)
Due to Other Funds	(12,858,429)	4,073,918	(9,923,170)	(18,707,681)
Total Current Liabilities	(13,104,841)	2,393,706	(11,048,626)	(21,759,761)
(Decrease) in Working Capital	$(8,111,266)	$	$(22,948)	$(8,134,214)

STATE OF NEW HAMPSHIRE
COMBINING BALANCE SHEET—FIDUCIARY FUND TYPES
ALL TRUST AND AGENCY FUNDS
JUNE 30, 1987

	Expendable Trust Fund	Non Expendable Trust Funds	Agency Funds	Total
	Unemployment Compensation			
ASSETS				
Cash and Temporary Investments	$ 152,785,286	$ 2,252,059	$ 32,697,088	$ 187,734,433
Accounts Receivable	6,488,944			6,488,944
Due from Other Funds		260,308		260,308
Total Assets	$ 159,274,230	$ 2,512,367	$ 32,697,088	$ 194,483,685
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Payment Due Other Jurisdictions/Overpayment	$ 1,762,470			$ 1,762,470
Member/Employee Contributions			$ 738,778	738,778
Custodial Funds Payable			31,958,310	31,958,310
Total Liabilities	1,762,470		32,697,088	34,459,558
FUND BALANCES:				
Reserve for Unemployment Compensation Benefits	157,511,760			157,511,760
Reserve for Various Trust Funds		$ 2,512,367		2,512,367
Total Fund Balances	157,511,760	2,512,367		160,024,127
Total Liabilities and Fund Balances	$ 159,274,230	$ 2,512,367	$ 32,697,088	$ 194,483,685

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND TYPES—ALL AGENCY FUNDS
JUNE 30, 1987

	(Restated) Balance July 1, 1986	Additions	Deductions	Balance June 30, 1987
PAYROLL TAXES AND FRINGE BENEFITS				
ASSETS				
Cash	$ 3,740,723	$ 183,125,746	$ 185,892,043	$ 974,426
LIABILITIES				
Due to Other Taxing Units	$ 2,449,355	$ 120,127,083	$ 122,340,790	$ 235,648
Custodial Funds Payable		4,048,301	4,048,301	
Member/Employee Contributions	1,291,368	58,950,362	59,502,952	738,778
Total Liabilities	$ 3,740,723	$ 183,125,746	$ 185,892,043	$ 974,426
DEFERRED COMPENSATION				
ASSETS				
Cash	$ 16,487,100	$ 6,146,172	$ 762,632	$ 21,870,640
LIABILITIES				
Custodial Funds Payable	$ 16,487,100	$ 6,146,172	$ 762,632	$ 21,870,640
UNIFIED COURT SYSTEM				
ASSETS				
Cash	$ 5,529,476	$ 14,776,766	$ 12,283,644	$ 8,022,598
LIABILITIES				
Custodial Funds Payable	$ 5,529,476	$ 14,776,766	$ 12,283,644	$ 8,022,598
CHILD SUPPORT FUND				
ASSETS				
Cash	$ 1,116,926	$ 21,133,063	$ 21,530,577	$ 719,412
LIABILITIES				
Custodial Funds Payable	$ 1,116,926	$ 21,133,063	$ 21,530,577	$ 719,412
MISCELLANEOUS AGENCY FUNDS				
ASSETS				
Cash	$ 373,797	$ 754,490	$ 18,275	$ 1,110,012
LIABILITIES				
Custodial Funds Payable	$ 373,797	$ 754,490	$ 18,275	$ 1,110,012
TOTALS—ALL AGENCY FUNDS				
ASSETS				
Cash	$ 27,248,022	$ 225,936,237	$ 220,487,171	$ 32,697,088
LIABILITIES				
Member/Employee Contributions	$ 1,291,368	$ 58,950,362	$ 59,502,952	$ 738,778
Due to Other Taxing Units	2,449,355	120,127,083	122,340,790	235,648
Custodial Funds Payable	23,507,299	46,858,792	38,643,429	31,722,662
Total Liabilities	$ 27,248,022	$ 225,936,237	$ 220,487,171	$ 32,697,088

STATE OF NEW HAMPSHIRE
TRANSFERS SUMMARY
BUDGETARY AND GAAP BASIS
JUNE 30, 1987

	Budgetary Transfers In						
		Special Revenue Funds					
	General	Highway	Fish and Game	Special	Total	Capital	Total
Budgetary Transfers Out:							
General Fund			$ 13,186	$ 73,945,672	$ 73,958,858	$ 100,851	$ 74,059,709
Special Revenue Funds:							
Highway	$ 358,504		174,278		174,278		532,782
Fish and Game	13,186						13,186
Special	5,547,091						5,547,091
Total Special Revenue	5,918,781		174,278		174,278		6,093,059
Capital Projects Fund	1,079,482			170,503	170,503		1,249,985
Enterprise Funds:							
Turnpike		$ 4,211			4,211		4,211
Liquor	45,718,260						45,718,260
Sweepstakes	20,669,391						20,669,391
Total Enterprise	66,387,651	4,211			4,211		66,391,862
Totals	$ 73,385,914	$ 4,211	$ 187,464	$ 74,116,175	$ 74,307,850	$ 100,851	$ 147,794,615

	GAAP Transfers In						
		Special Revenue Funds					
	General	Highway	Fish and Game	Special	Totals	Capital	Totals
GAAP Transfers Out:							
General Fund			$ 13,186	$ 74,066,058	$ 74,079,244	$ 100,851	$ 74,180,095
Special Revenue Funds:							
Highway	$ 358,504		174,278		174,278	2,625,000	3,157,782
Fish and Game	13,186						13,186
Special	5,547,091						5,547,091
Total Special Revenue	5,918,781		174,278		174,278	2,625,000	8,718,059
Capital Projects Fund	1,079,482			170,503	170,503		1,249,985
Enterprise Funds:							
Turnpike		$ 4,211			4,211		4,211
Liquor	46,122,655						46,122,655
Sweepstakes	20,669,391						20,669,391
Total Enterprise	66,792,046	4,211			4,211		66,796,257
Totals	$ 73,790,309	$ 4,211	$ 187,464	$ 74,236,561	$ 74,428,236	$ 2,725,851	$ 150,944,396

STATISTICAL SECTION

STATE OF NEW HAMPSHIRE
TABLE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES—FOR THE LAST FIVE FISCAL YEARS

	Fiscal Year Ended June 30,				
	1987	1986	1985	1984	1983
REVENUES:					
General Property Taxes	$ 8,519,212	$ 10,357,446	$ 10,271,189	$ 15,727,835	$ 5,785,258
Special Taxes	323,464,716	260,175,837	247,875,204	225,352,707	158,502,759
Poll or Personal Taxes	31,674,458	32,731,033	32,723,606	33,580,958	25,959,648
Business License Taxes	123,293,814	112,672,668	99,159,877	92,383,698	84,550,892
Non-Business License Taxes	45,261,418	42,124,605	39,314,080	36,496,914	28,612,133
Fees	29,142,866	26,775,795	21,943,493	18,757,990	19,477,444
Fines, Penalties and Interest	20,586,061	17,790,700	14,873,483	9,560,143	6,536,838
Grants from Federal Government	292,644,988	299,061,996	294,750,219	256,722,943	241,585,590
Grants from Private and Local Sources	38,204,063	28,096,236	26,447,325	28,485,808	28,282,045
Rents and Leases	3,138,236	3,048,457	3,432,010	2,827,331	2,608,282
Interest, Premiums and Discounts	6,047,431	5,539,873	3,879,517	3,623,055	2,120,053
Sale of Commodities	7,406,229	5,327,834	3,565,423	4,117,529	3,070,293
Sale of Services	31,749,904	32,099,975	30,058,859	27,060,603	28,387,313
Assessments	10,021,606	30,188,306	25,725,897	23,178,700	20,768,988
Grants from Other Agencies	46,592,435	42,181,987	27,081,865	22,546,907	16,562,165
Miscellaneous	22,688,104	17,592,113	20,405,450	22,255,151	18,915,816
Total Revenues	1,040,435,541	965,764,861	901,507,497	822,678,272	691,725,517
EXPENDITURES:					
General Government	139,285,649	133,421,425	129,597,342	117,590,336	114,378,694
Administration of Justice and Public Protection	102,545,456	115,417,562	97,846,854	70,336,429	61,437,617
Resource Protection and Development	47,647,851	44,350,378	42,370,937	41,190,099	45,236,100
Transportation	129,000,137	124,858,977	120,232,786	108,966,963	92,307,743
Health and Social Services	366,837,874	311,547,918	288,410,094	272,854,032	249,682,773
Education	150,187,646	137,969,660	118,495,417	118,252,243	108,586,265
Debt Service	49,041,828	56,423,540	51,602,563	50,581,179	47,835,670
Capital Outlays	82,899,433	88,314,768	85,944,652	62,771,124	70,212,978
Total Expenditures	1,067,445,874	1,012,304,228	934,500,645	842,542,405	789,677,840
Excess of Revenue Over (Under) Expenditures	(27,010,333)	(46,539,367)	(32,993,148)	(19,864,133)	(97,952,323)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	84,148,139	70,664,440	73,139,581	67,073,729	75,777,373
Operating Transfers Out	(84,148,139)	(70,664,440)	(73,139,581)	(67,073,729)	(75,777,373)
Enterprise Fund Transfers In	66,796,257	55,018,209	45,891,256	45,572,615	41,575,734
Proceeds from Issuance of Bonds		60,000,000	54,000,000	52,300,000	36,000,000
Miscellaneous	(4,201,865)	(1,961,721)	502,586	(382,281)	(399,499)
Proceeds of Refunding Bonds		154,525,000			
Payment to Refunding Bond Escrow Agent		(154,525,000)			
Total Other Financing Sources (Uses)	62,594,392	113,056,488	100,393,842	97,190,534	77,176,235
Excess of Revenues and Other Sources (Over) Under Expenditures and Other Uses Before Change in Accounting Principle	35,584,059	66,517,121	67,400,694	77,326,401	(20,776,088)
Adjustment to reflect cumulative effect to June 30, 1982 of a change in Accounting Principle					9,431,467
Adjustment to Transfer Debt Service Sinking Funds to Enterprise Fund	(8,401,928)				
Excess of Revenues and Other Sources (Over) Under Expenditures and Other Uses	27,182,131	66,517,121	67,400,694	77,326,401	(11,344,621)
FUND BALANCES—JULY 1	160,160,107	93,642,986	26,242,292	(51,084,109)	(39,739,488)
FUND BALANCES—JUNE 30	$ 187,342,238	$ 160,160,107	$ 93,642,986	$ 26,242,292	$(51,084,109)

STATE OF NEW HAMPSHIRE
TABLE OF REVENUES AND BOND PROCEEDS
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST FIVE FISCAL YEARS

	Fiscal Year Ended June 30,				
	1987	1986	1985	1984	1983
General Property Taxes	$ 8,519,212	$ 10,357,446	$ 10,271,189	$ 15,727,835	$ 5,785,258
Special Taxes	325,164,716	260,175,837	247,875,204	225,352,707	158,502,759
Poll or Personal Taxes	31,674,458	32,731,033	32,723,606	33,580,958	25,959,648
Business License Taxes	123,293,814	112,672,668	99,159,877	92,383,698	84,550,892
Non-Business License Taxes	45,261,418	42,124,605	39,314,080	36,496,914	28,612,133
Fees	29,142,866	26,775,795	21,943,493	18,757,990	19,477,444
Fines, Penalties and Interest	20,586,061	17,790,700	14,873,483	9,560,143	6,536,838
Grants from Federal Government	292,644,988	299,061,996	294,750,219	256,722,943	241,585,590
Grants from Private and Local Sources	38,204,063	28,096,236	26,447,325	28,485,808	28,282,045
Rents and Leases	3,138,236	3,048,457	3,432,010	2,827,331	2,608,282
Interest, Premiums and Discounts	6,047,431	5,539,873	3,879,517	3,623,055	2,120,053
Sale of Commodities	7,406,229	5,327,834	3,565,423	4,117,529	3,070,293
Sale of Services	31,749,904	32,099,975	30,058,859	27,060,603	28,387,313
Assessments	10,021,606	30,188,306	25,725,897	23,178,700	20,768,988
Grants from Other Agencies	46,592,435	42,181,987	27,081,865	22,546,907	16,562,165
Miscellaneous	22,688,104	17,592,113	20,405,450	22,255,151	18,915,816
Sub Total	1,040,435,541	965,764,861	901,507,497	822,678,272	691,725,517
Bonds Issued		60,000,000	54,000,000	52,000,000	36,000,000
Bond Refinancing: Original Issue		(150,350,000)			
New Issue		154,525,000			
Total Receipts	$ 1,040,435,541	$ 1,029,939,861	$ 955,507,497	$ 874,678,272	$ 727,725,517

STATE OF NEW HAMPSHIRE

TABLE OF UNDESIGNATED FUND BALANCE

GENERAL FUND—FOR THE LAST FIVE FISCAL YEARS

	Fiscal Year Ended June 30,				
	1987	1986	1985	1984	1983
Balance, July 1 (Budgetary Method)	$ 66,328,994	$ 47,760,121	$ 1,332,709	$(40,056,175)	$(33,178,689)
Adjustment to reflect the cumulative effect to June 30, 1982 of a Change in Accounting Principle					10,181,381
Additions:					
Unrestricted Revenue:					
Beer	12,038,209	11,824,915	11,212,926	10,416,723	6,885,434
Board and Care	16,025,633	19,358,678	15,303,545	13,584,977	16,225,209
Business Profits Tax	150,007,729	111,520,524	111,056,553	101,935,006	72,535,316
Estate and Legacy Tax	18,920,920	15,794,882	10,607,329	11,827,459	10,580,393
Insurance	32,749,560	26,848,959	20,810,742	18,728,118	16,383,696
Liquor	48,639,139	46,653,144	42,972,745	43,421,925	42,464,860
Meals and Rooms	69,786,903	62,138,657	57,101,151	51,789,461	44,279,155
Other	54,252,867	49,278,112	40,687,785	35,216,339	29,479,928
Racing	9,418,926	9,748,709	9,512,013	7,740,427	7,362,181
Telephone	8,196,779	9,998,938	10,051,884	15,439,710	5,328,411
Tobacco	31,674,111	32,731,033	32,722,886	33,580,958	25,959,648
Utilities	6,426,930	6,399,506	6,739,401	6,081,385	519,529
Intangible Tax	26,732,026	24,919,749	24,496,387	22,651,176	16,848,650
Sweepstakes Revenue					4,121,193
Savings Bank Tax	7,954,294	7,775,179	7,035,267	7,441,020	5,626,930
Real Estate Transfer Tax	44,768,177	33,026,235	30,283,391	22,484,173	7,581,020
Total Unrestricted Revenue	537,592,263	468,017,220	430,594,005	402,338,857	312,181,553
Reversal-Utilities Franchise Tax				5,742,000	
Transfer from Other Funds	969,321		503,982	321,746	3,271,733
Bonds Authorized and Unissued				1,500,000	
Other Credits	623,620	680,349	636,075	397,830	259,994
Total Additions	539,185,204	468,697,569	431,734,062	410,300,433	315,713,280
Deductions:					
Appropriations:					
General Government	145,813,104	121,666,693	115,746,315	120,262,893	107,357,147
Justice and Public Protection	47,355,017	60,792,744	41,669,305	29,849,618	21,998,356
Resource Protection and Development	26,402,789	24,976,851	20,697,436	20,146,436	18,339,242
Transportation	4,177,138	1,758,669	729,261	759,621	700,086
Health and Social Services	125,273,475	97,922,360	91,974,730	86,006,983	75,459,878
Education	77,902,927	75,662,460	52,988,596	51,011,083	50,579,970
Liquor Commission	15,885,799	15,094,735	13,598,974	13,234,695	13,168,184
Special Fund	72,598,223	63,847,992	67,569,283	60,380,889	64,989,504
Total Appropriations	515,408,472	461,722,504	404,973,900	381,652,218	352,592,367
Less: Lapses	(7,114,589)	(12,557,530)	(20,373,498)	(14,068,329)	(32,637,217)
Net Appropriations	508,293,883	449,164,974	384,600,402	367,583,889	319,955,150
Transfers to Other Funds			100,000		5,052
Utilities—Franchise Tax					5,742,000
Prior Year Refunds—B.P.T.					6,669,766
Other Debits	2,044,415	963,722	606,248	1,327,660	400,179
Transfer to Reserve Accounts	32,000,000				
Total Deductions	542,338,298	450,128,696	385,306,650	368,911,549	332,772,147
Balance, June 30 (Budgetary Method)	63,175,900	66,328,994	47,760,121	1,332,709	(40,056,175)
GAAP Adjustments:					
Accounts Receivable	3,310,792	2,924,163	4,443,874	4,413,950	627,732
Accounts Payable and Accrued Expenses	(33,242,974)	(28,782,031)	(22,528,077)	(21,311,513)	(16,774,230)
Due to Trust	(260,308)	(320,311)	(354,575)	(430,288)	(471,649)
Adjust Enterprise Transfer to General Fund	(3,629,850)	(3,603,610)	(3,738,826)	(3,266,352)	(3,033,097)
Adjust Special Fund Lapses to General Fund	(4,257,226)	(4,136,842)	(2,188,165)	(3,681,945)	(2,307,696)
Bonds Authorized and Unissued			(1,500,000)	(1,500,000)	
Additional Transfer to Reserve Accounts	(1,896,000)				
Total GAAP Adjustments:	(39,975,566)	(33,918,631)	(25,865,769)	(25,776,148)	(21,958,940)
Balance, June 30 (GAAP)	$ 23,200,334	$ 32,410,363	$ 21,894,352	$(24,443,439)	$(62,015,115)

STATE OF NEW HAMPSHIRE
TABLE OF UNDESIGNATED FUND BALANCE
HIGHWAY FUND
FOR THE LAST FIVE FISCAL YEARS

	Fiscal Year Ended June 30,				
	1987	1986	1985	1984	1983
Balance, July 1 (Budgetary Method)	$ 2,297,410	$ 15,006,843	$ 18,903,574	$ 11,450,074	$ 9,806,335
Additions:					
Unrestricted Revenue:					
Gasoline Tax	84,050,554	69,620,702	66,361,849	65,682,870	59,123,180
Motor Vehicle Fees	43,323,470	40,513,871	37,810,909	35,444,343	30,517,591
Other	3,398,068	3,923,945	2,761,083	2,407,455	3,909,379
Total Unrestricted Revenue	130,772,092	114,058,518	106,93[illegible]41	103,534,668	93,550,150
Bonds Authorized	1,465,000	18,803,500	16,855[illegible]3	41,196,500	5,075,000
Bonds Authorized Reclass—Prior Year	15,000,000		499,292		
Other Credits	3,977,446	425,197	4,599	6,087	115,460
Total Additions	151,214,538	133,287,215	124,293,207	144,737,255	98,740,610
Deductions:					
Appropriations:					
Gross Appropriations	133,577,391	147,504,763	127,210,663	138,495,632	102,867,813
Less: Lapses	(8,391,591)	(6,229,303)	(6,664,723)	(7,446,780)	(9,870,296)
Net Appropriations	125,185,800	141,275,460	120,545,940	131,048,852	92,997,517
Other Debits/Adjustments	12,336,443	4,721,188	7,643,998	6,234,903	4,099,353
Total Deductions	137,522,243	145,996,648	128,189,938	137,283,755	97,096,870
Balance, June 30 (Budgetary Method)	15,989,705	2,297,410	15,006,843	18,903,574	11,450,075
GAAP Adjustments:					
Accounts Receivable	6,273,180	4,024,614	3,492,606	607,188	1,136,378
Accounts Payable and Accrued Expenses	(14,859,431)	(13,175,466)	(10,667,461)	(10,273,032)	(10,702,189)
Bonds Authorized and Unissued	(45,969,118)	(82,729,118)	(84,050,618)	(73,695,143)	(50,997,935)
Total GAAP Adjustments	(54,555,369)	(91,879,970)	(91,225,473)	(83,360,987)	(60,563,746)
Reclassification of Designated Balance	16,547,749	71,673,493	31,773,324		
Balance, June 30 (GAAP)	$(22,017,915)	$(17,909,067)	$(44,445,306)	$(64,457,413)	$(49,113,671)

STATE OF NEW HAMPSHIRE
TABLE OF UNDESIGNATED FUND BALANCE
FISH AND GAME FUND
FOR THE LAST FIVE FISCAL YEARS

	Fiscal Year Ended June 30,				
	1987	1986	1985	1984	1983
Balance, July 1 (Budgetary Method)	$ 706,449	$ 443,170	$ 623,531	$ 774,654	$ 446,401
Additions:					
Unrestricted Revenue	5,015,875	4,156,495	3,738,833	3,472,566	3,515,803
Other Credits	174,278	144,576	53,979	46,810	43,542
Total Additions	5,190,153	4,301,071	3,792,812	3,519,376	3,559,345
Deductions:					
Appropriations:					
Gross Appropriations	4,479,875	4,312,683	4,091,028	3,802,271	3,573,434
Less: Lapses	(281,287)	(275,053)	(150,228)	(131,801)	(342,710)
Net Appropriations	4,198,588	4,037,630	3,940,800	3,670,470	3,230,724
Other Debits/Adjustments	253,102	162	32,373	29	368
Total Deductions	4,451,690	4,037,792	3,973,173	3,670,499	3,231,092
Balance, June 30 (Budgetary Method)	1,444,912	706,449	443,170	623,531	774,654
GAAP Adjustments:					
Accounts Receivable	74,452	54,545	50,115	51,132	33,193
Accounts Payable and Accrued Expenses	(378,785)	(294,155)	(289,854)	(276,151)	(230,994)
Total GAAP Adjustments	(304,333)	(239,610)	(239,739)	(225,019)	(197,801)
Balance, June 30 (GAAP)	$ 1,140,579	$ 466,839	$ 203,431	$ 398,512	$ 576,853

STATE OF NEW HAMPSHIRE
DEMOGRAPHIC STATISTICS
FOR THE LAST FIVE FISCAL YEARS

Fiscal Year	(1) Population	(2) Per Capita Income	(3) Unemployment Rate
1987	1,057,000	$ 16,758	2.5%
1986	998,000	15,975	3.9
1985	977,000	13,192	4.3
1984	958,000	12,028	5.4
1983	948,000	11,044	7.4

SOURCES:

(1) U.S. Department of Commerce, Bureau of Census, 1983—1986. New Hampshire Econometrics, Inc., 1987.

(2) U.S. Department of Commerce, Bureau of Economic Analysis, 1983—1985. New Hampshire Econometrics, Inc., 1986—1987.

(3) U.S. Bureau of Labor Statistics, Employment and Earnings, 1983—1985. New Hampshire Econometrics, Inc., 1986.

STATE OF NEW HAMPSHIRE
RATIO OF GENERAL LONG-TERM DEBT TO ASSESSED VALUE
AND GENERAL LONG-TERM DEBT PER CAPITA
FOR THE LAST FIVE FISCAL YEARS

Fiscal Year	(1) Estimated Population	(2) (Expressed In Thousands) Assessed Value	(3) General Long-Term Debt	Ratio of General Long-Term Debt To Assessed Value	General Long-Term Debt Per Capita
1987	1,057	$ 31,575,744	$ 379,155	1.20%	$ 359
1986	998	27,698,021	431,921	1.56	433
1985	977	23,679,520	387,998	1.64	397
1984	958	20,890,951	357,190	1.71	373
1983	948	19,519,829	311,384	1.60	328

(1) Source: U.S. Department of Commerce, Bureau of Census, 1983–1986. New Hampshire Econometrics, Inc., 1987.

(2) Source: State Office of Revenue Administration. (1987 estimated).

(3) Includes all Long-Term General Obligation Bonds.

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